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USSR ROLE IN MIDDLE EAST ASSESSED

Paris LIBERATION in French 10 Jul 84 pp 12-13

[Article by Alexandre Adler: "The USSR's Return to the Arab Seraglio"]

[Text] The failure of American policy in Lebanon finally makes the importance of Soviet investments in the region visible. With the conclusion of Israeli-Egyptian peace, public opinion viewed the USSR as being excluded from the Middle East and skepticism prevailed with respect to Moscow's moves.

Today, the vacuum created by the American withdrawal nearly leads to the opposite opinion. Everywhere the hand of Moscow is seen behind every political maneuver of Syria or Libya and would seem to point to a return in force of the Soviets. Actually, the USSR has never lost all its cards in the region, but it is still far from mastering the entire process underway in the Arab-Islamic world.

In order to understand Soviet policy, one must take into consideration the existence of important variations in its basic formulation between the decline of Brezhnev and the advent of Chernenko. Until 1975, Soviet policy had been marked by great tactical prudence: The fundamental objective of the USSR remained to ensure a growing presence in the Near East, without thereby departing from a position of principle consisting of arriving at a mutual recognition of all nations in the region, Israel included, within the framework of an international conference of which the USSR would be one of the co-organizers.

From 1977 to 1981, the Islamic thrust in the Near East combined with an internal political and ideological crisis in the USSR, producing a veritable shift in Soviet policy whose peak was reached when the USSR suddenly began to support the Khomeyni movement in Iran, after manifesting the most extreme reservations in its regard. At the same time, the orientations of several Communist parties changed very tangibly in the same direction, with the shakeup in the leadership of the Iranian Tudeh in favor of the leftist line of Kianuri being by far the most spectacular.

Abandonment of Shiite Mirage

This leftist line is far from producing the anticipated results. It isolates communist movements within the secular left, without thereby making fundamentalist movements accept the USSR. Favoring a differentiated approach to the

United States, West Europe and Japan, Andropov and the leadership of the KGB were probably worried about a climate of grave tension in the Gulf region that would only consolidate the different Western allies against the Soviet threat.

Under such conditions, following the Afghan invasion and the Polish crisis, the USSR discreetly began to modify its positions in the Arab-Islamic world.

Following the death of Suslov, the winter of 1982 saw Andropov take hold of relations with the international communist movement and liberation movements. He took advantage of this fact to give the green light to a more differentiated approach to political movements in the region.

While maintaining the American alliance and peace with Israel, Mubarak himself did everything possible to improve his relations with Moscow. He reduced the privileges granted by Sadat to the Rapid Deployment Force at Ras Banas on the Red Sea, twice refused to follow in the footsteps of his Sudanese ally Numayri, who urged him into a preventive conflict against Libya, stepped up gestures of appeasement in the interior and in the course of 1983, stopped all serious financial and material support to the Afghan resistance. The very recent visit of Vice Minister Polyakov to Cairo and the resumption of diplomatic relations between the two countries crowns this slow thaw in Soviet-Egyptian relations.

At the same time, the Soviet Union's policy registered a substantially identical evolution at about the same time in the conflict in the Gulf. Following a clearly pro-Iranian orientation, one could observe, with Andropov's entry into the Secretariat, and in close cooperation with Aliev, an old expert on Iranian problems, an apparent attenuation in the Tudeh's strategy. By the summer of 1982, the line of Iranian communism changed with respect to the unconditional support previously given to the Islamic movement in its fight against the forces of the Iranian opposition (Mojahedin, liberals, Kurds and the supporters of Bani Sadr). The change in line therefore preceded somewhat the repressive measures taken against the party a few months earlier: These were more an initial Iranian sanction against the resumption of Soviet arms shipments to Saddam Hussayn's Iraq. Since that time, the Tudeh seems to be shifting toward the traditional line of the weakening of Iranian centralism.

Having given up the Shi'ite mirage, the USSR of Andropov saw its task eased in Baghdad: Very dependent on the USSR for its logistics and heavy equipment, Iraq stepped up its good will efforts toward Moscow: Elimination of the half brother of Saddam, Bassam Tikriti, from the direction of Iraqi secret services also constituted a source of satisfaction for the USSR. The man had played a great role in the repression of Iraqi communism. With Vice President Taha Yasin Ramadan, who had gone to Moscow on a working visit at the end of April, along with the top military leaders, most of whom had attended Soviet military schools, the flow is now well established and the danger of seeing Iraq tip totally toward the West is now avoided. By signing a new nuclear contract with Baghdad, the USSR is also taking the place of the faltering Westerners and restoring Baghdad's hope of building an Arab atomic bomb. Aliev's policy is therefore a complete success in this domain.

However, the most spectacular penetration of Soviet diplomacy under Andropov came about in a place one would have least expected it: in Saudi Arabia and the moderate monarchies of the Gulf. The USSR returns after a long time. In 1979, the Soviet press openly supported the terrorists of Takfir Wa al-Hijra at the time of the attack on the Ka'bah (Kaaba) in Mecca. The very tiny Communist Party in Saudi Arabia (which was underground), whose founding was announced on the same date, did not hesitate on its first anniversary (Easter 1980) to hail the heroes and martyrs of that operation. There again, a spectacular change was perceptible when publication of the Fahd Plan a year later, presuming a new meeting of the Geneva Conference, reintroduces the USSR into the interplay of overall negotiations on the Near East. Since that time, the USSR has alternated pressure and openings to the Saudi regime with some success. Pressed by the Polish crisis to resolve its problem of liquidity at all costs, the Soviet Union did not hesitate in 1982 or 1983 to market large quantities of crude on the Rotterdam spot market, breaking all Saudi attempts to counter the drop in the price of oil and restoring a certain discipline to the cartel.

To the economic blows, much more effective than the use of terrorism or Shi'ite agitation, Andropov and Aliev added offers of rapprochement that the Saudi regime would disdain all the less as its disappointment with Reagan's diplomacy would grow.

Syria: Nerve Center of Soviet Influence

Subsequently, the importance of the Syrian stakes confused any other consideration. The USSR, which no longer attributed much importance to the PLO, stuck to Syria in the midst of a succession crisis.

After some waivering, it demanded the possibility for 'Arafat to leave Tripoli safely. The visit by Syrian officials to Bulgaria while on their way to Moscow to discuss this point with Soviet leaders in December 1983 shows that the regime in Damascus was seeking to thwart certain aspects of Andropov's policy during a period of crisis over succession. It confirms the Soviet moderation on the Palestinian question and seeks, through the interposition of the DFLP [Democratic Front for the Liberation of Palestine] and the PFLP, to limit 'Arafat's room to maneuver. "A PLO closely linked to the big Arab nations and pro-Soviet on the major issues of international policy suits them perfectly." It was up to 'Arafat to choose between this compromise proposed to him and the increasingly utopian path of an opening to the United States. Even Egypt, conditioned by Soviet diplomacy, even Hussein's Jordan, do not want to go further in their support for 'Arafat. For the first time, prominent spokesmen of the Egyptian Government expressed the hope of an improvement in their relations with Syria.

Paradoxically enough, it was in Syria, pointed at as the nerve center of Soviet influence in the East, that the situation is now the most unstable. The muted conflict between the army, the old guard of the Ba'th Party, on the one hand, and Rif'at al-Asad on the other, constitute the background for the confrontation. Since 1980, the extremely faithful Syrian Communist Party of Khal'd Bakdash left the Syrian Government, in which its presence was more than

symbolic. The fact that it has not since rejoined it demonstrates its relative distrust of the Ba'th-Alids regime of the al-Asad brothers. Andropov already had control of policy in the Near East during the war in Lebanon in the summer of 1982.

I therefore do not believe there was any change in line between the summer and fall of 1982. It was the same men who let the Syrian Army suffer Israel's air power in July so as to point out to Damascus the degree of its dependency on the USSR, then mistreated two successive Syrian delegations before suddenly and exaggeratedly bowing to Syrian demands, protecting their air space with a system of missiles and electronic devices controlled by computers from Baku and guarded by Soviet soldiers. Henceforth, the USSR would have a solid foothold in Syrian territory with the ambition of letting its demands be known and bring pressure to bear on the regime so as to avoid any temptation of a new Sadat'type operation.

It is clear that the main enemy of the Soviets in Syria is Rif'at al-Asad, who whose independence from the KGB they fear as much as his fascination for the West and the support of the local financial bourgeoisie. The anti-Rif'at coalition also includes the heads of the departments of security, more tied to the USSR than the Ba'th Party apparatus and the military forces (particularly Marshal Mustafa Talas, minister of defense). For some time now, the USSR has pretended to deplore the brooding state of war between the two brother countries, Syria and Iraq. It is true that the USSR cannot for long arm one against the other, whatever the provisional benefit of a possible double play. Consequently, there are growing signs of Soviet mediation between Damascus and Baghdad. The Sunnite wing of the Syrian Ba'th Party and certain police and military forms do not want, unlike Rif'at al-Asad, to maintain a state of half war with Iraq, which would involve many disadvantages, in Arab opinion.

The USSR could naturally have used Iran's militant anti-Americanism. But today, its realignment with Baghdad in the war in the Gulf implies that it weighs in favor of a moderate and, at the same time, anti-American evolution of Syrian policy, two reasons to bring down Rif'at al-Asad, who expresses both the sectarian arrogance of the most denominational faction of the Alids, originally allied with Iran, and certain openings toward the United States. One swallow does not make a summer and the USSR and Saudi Arabia, whose interests now converge in avoiding a debacle of Iraq, can play the same card in Syria in case of al-Asad's death. It would not be the smallest failure of American diplomacy.

Guarding the flank of the moderate wing of the Syrian regime, the USSR is therefore returning to the Near East in force, manifesting its willingness to play a compromise role between all factions from Lebanon to Iraq, after having first stirred up the flames.

Real Debate in Moscow

This extremely shrewd policy is very close to success if it achieves a Syrian-Iraqi agreement either before or after the cessation of hostilities with Iran, permitting the reopening of the Tapline, the Iraqi oil pipeline that ends on

the Mediterranean coast of Syria. Such a reopening, which would enable Iraq to market its oil freely without passing through the Gulf, would play into the hands of many Western creditors of that country. The USSR, playing the broker in the Middle East, would then have an excellent card to use on France on the eve of Francois Mitterrand's trip to Moscow.

Likewise, the obvious decomposition of the Libyan regime can also enable the USSR to play on its partition. The latter moved far away from the director of Tripoli under Andropov, to the point that Qadhdhafi initially refused to lower the flags to half staff with the announcement of his death. Since that time, Soviet-Libyan relations have remained quite cool, with Moscow insisting on payment for its arms shipments and considering with distrust the rapprochement between Libya and Morocco, which could well alienate Algeria's friendship.

Never since Nasser's death has the USSR had in its hands so many trump cards in the Middle Eastern game. Israel, neutralized by its internal conflicts, asks but to transform its Golan border into an East-West border that is protected. Off balance, the United States' action is hit and miss. France, once burned, has its eye riveted on the Iraqi creditor and Libyan threats in the Sahara, from Morocco to Sudan and including Chad.

It remains to be seen whether Aliiev, the KGB and the military, which hold in their hands the Arab policy of the USSR, will not have a bone to pick with ideologists nostalgic for the communism-Islamism axis so dear to Suslov. The controversy between Aliiev and the former head of the Uzbek party, Rachidov, who died last year, shows that the evaluation of the situation in the Middle East remains the stakes of a real debate in Moscow.¹ Whatever the case, the alliance of military power and diplomatic moderation of the Soviets has borne its fruits.

This Soviet thrust, much more disturbing than the Islamic wave of 4 years ago, is one of the hidden variables of the American presidential election of November 1984. If that election should turn out to be humiliating for the United States, Reagan risks being in a poor position vis-a-vis his public opinion, like Carter in 1980. He who lives by the sword dies by the sword.

¹ Rachidov strongly denounced Islamism and implicitly demanded a policy of firmness in Afghanistan. Aliiev, who said he supported a dialogue with Islam, wanted a negotiated solution in Kabul and a rapprochement with the moderate forces of the Arab-Islamic world.

DEPUTY MINISTER DISCUSSES ARMENIAN LANGUAGE CURRICULA

Tehran TEHRAN TIMES in English 10 Jul 84 p 2

[Text]

TEHRAN - Deputy Education Minister, whom IRNA named only as Safizadeh, said here Sunday that nearly 27,000 educational units have been built after Islamic Revolution in Iran, equalling total number of such units built during rule of the deposed shah.

Pointing out that the policy of the government is to create "equal opportunities for all" he said that there were some problems about the language for teaching religious subjects at the Armenian schools.

He said that the Ministry of Education has added a number of classes to the school program of the Armenian students so that they can study Armenian religious material and literature in their own language.

"Certain organizations and imperialist news agencies have tried to misuse the issue but with the understanding reached between the students' parents and the officials, their plots were thwarted," he said.

Safizadeh told a news conference that "in some parts of the country the number of

students had increased by 400 percent after the Revolution."

Speaking on educational expenditure of the country, he said each student needed a budget of Rls. 190,000 (over dlr. 2,000) for each year of study before getting his high-school diploma.

Tehran's educational budget alone ran to Rls. 70 billion (dlrs. 800 million), he said.

On various steps taken to improve education in culturally different areas of the country, Safizadeh said a special office has been formed to deal with tribal, cultural and educational affairs of the tribes in the Iran.

The minister added that certain plans were at hand to establish special tribal teachers' training colleges to see into educational demands of the tribes.

The religious minorities may study their religious literature beside the assigned curricula, Safizadeh said.

He stressed that at present the religious minorities were provided with religious books "half of the text of which is compiled by religious experts of each minority."

PARIS SEMINAR DISCUSSES EXPANSION OF ISLAMIC BANKS' ACTIVITIES

Beirut AL-IQTISAD WA AL-A'MAL in Arabic No 60, May 84 pp 67-70

[Article by Husayn Fawwaz: "Islamic Banks Seminar in Paris: Toward Internationalization of Islamic Banking Activity"]

[Text] Paris--The Vendome Hall of George V Hotel in Paris was jammed on the 25th of last April with a large crowd that had come to attend the "Islamic Banks and Financial Establishments Seminar" at the invitation of the Arab-French Chamber of Commerce.

The seminar was attended by members of the Arab diplomatic corps accredited to Paris and by a large number of representatives of the international and Arab press.

The French Banks Association was invited to the seminar and the association chairman and two of its members attended. Representatives of the National French Businessmen's Council also attended. As for the representatives of the French firms and banks, they were "opportunity hunters" who exploited every moment to hold side meetings with representatives of the Islamic banks.

Lectures were delivered and discussions were held throughout 8 hours and as usual, the seminar was concluded with "great success," but also with a big question:

What was the seminar's goal and who achieved his objectives? The observer is entitled to ask this question because whereas Michel Habib (De L'Ongle), the chairman of the Arab-French Chamber, implied that the seminar was held at the request of the Islamic Development Bank and with the encouragement of the French government, 'Uthman Sakk, the vice president of the Islamic Development Bank, said repeatedly that the seminar was held at the request of the French government.

It is obvious that the seminar was improvised. This was evident in the difference in the views of the Islamic banks representatives on numerous issues. It is also obvious that the French government did prepare the climate and offered full support for the convocation of the seminar. Moreover, the Islamic Development Bank had the definite desire to familiarize everyone with its activities.

What must be recorded here is that it is normal for the Arab commercial banks to seek investment opportunities in the various countries of the world. But it is amazing and surprising for the Islamic banks to come to Europe to market their experience and to seek investment and employment opportunities, especially since these banks have been established with the objective of contributing to setting up and financing development projects in the Islamic countries and in the third world countries in accordance with the Islamic Shari'ah.

AL-IQTISAD WA AL-A'MAL offers in the following a review of the details of the seminar and of the discussions that took place in it.

The seminar was inaugurated by Michel Habib (De L'Ongle), the chairman of the Arab-French Chamber of Commerce, who delivered a verbal message from Delors, the French minister of finance, expressing the importance he attaches to the Arab and Islamic world and apologizing for not attending because of being compelled to attend a meeting of the French Council of Ministers on that day. (De L'Ongle) then proceeded to talk about usury and about the position taken by all religions toward it, saying that the relationship between the Islamic banks on the one hand and the central banks and the international financial establishments on the other hand is like trying to fit a circle and a triangle into each other, and this is impossible in the science of engineering.

French Banks Fear Risk

Jean (Dormire), the chairman of the French Banks Association, then spoke about the Islamic banks phenomenon which has raised numerous issues concerning the western banking system, especially the issue of interest. Regarding the system to which the Islamic banks resort in their relations with contractors, (Dormire) said that it is interesting, especially since French banks fear risks and are faulted for not getting into partnership with contractors.

The third opening address was delivered by 'Uthman Sakk, the vice president of the Islamic Development Bank, who said that the Islamic Shari'ah rejects dealing in interest and that many are ignorant of the true nature of the Islamic banking system which has troubled the banking markets, not only in Africa but in most of the Islamic countries.

Sakk added that the Islamic system is not isolated and is strongly open to the world. Concluding his address, he thanked the French Banks Association for proving its openness.

Al-Tamimi: Future Is Bigger Than Past

Then discussion of the agenda to familiarize everyone with the Islamic banks and their activities was begun. The first speaker was Dr Yunis al-Tamimi, the coordinator of banking affairs at the Islamic Bank of Jordan. He defined the bank and described its objectives as those of developing investment on a non-usurious basis. He also spoke of the bank's strategy

which is based on offering alternatives to the western banking system, on strengthening cooperation with the Islamic banks wherever they exist and, finally, on adapting the laws and traditions in accordance with what is agreed upon by jurists. Concluding, Dr al-Tamimi said that the future is bigger than the past and the present and there is great hope that the bank will be able to achieve its message and the wishes of its shareholders and members.

The second lecturer was 'Abd-al-Rahim al-Hamdi, the assistant general manager of al-Barakah Bank in Sudan, who talked about the phenomenon of the Islamic banks which started as a popular initiative in Dubayy nearly 10 years ago and contributed to the Islamic awakening movement about which a lot is said in the west, saying that it is not a terrorist movement but a political, social and economic movement. Al-Hamdi added that the phenomenon spread and expanded after 1978 and that there are now nearly 40 Islamic banks, establishments and insurance companies. Numerous countries have embraced this movement, some of them for political reasons and others for economic reasons, as has happened in Pakistan, Iran and Malaysia. As for Sudan, the state has committed itself to changing the banking laws, including the Central Bank law, to make them compatible with the Islamic Shari'ah.

Al-Hamdi added: The initial assessment of the Islamic banks movement is positive, considering that these banks have succeeded in an unexpected manner in collecting savings in both poor and rich countries to the point where they are facing the problem of surplus liquidity.

Movement Not Emanating From Void

This is why al-Barakah Consortium was founded with the initiative of Shaykh Salih Kamil and a number of businessmen with the purpose of developing Islamic activity to engage in the development operation which is the real solution to the problems of poor societies. Insofar as Sudan is concerned, it considers the achievement of development the most important goal. If the French and world banks want to contribute to the third world's development programs, then they must operate on the basis of sharing the risks.

Concluding, al-Hamdi said: "The Islamic banks movement has not emanated from a void but rather from the reality of an Islamic economic theory. This is why I urge you to ponder this theory as I urge you to ponder truly the benefit of development on the basis of sharing the risks."

Shaykh Rawhah: Pioneer Experiment

Dr al-Munsif Shaykh Rawhah, the vice president of the Tunisian-Saudi Investment Financing House, then spoke. He defined the basic principles of the Islamic bank in the following:

1. No to financing operations on the basis of interest.
2. Money does not breed money, service does.

3. Sharing risks is the basis of the activity.

In the light of these principles, certain transactions will disappear, others will emerge and yet others will develop.

Explaining the experiment of the Financing House in using the computer, he said that it has been a pioneer experiment, considering that the computer has been programmed to receive and provide information on the set-profit resale operations, silent partnership operations and partnership operations.

The fourth lecturer was Dr 'Abd-al-Din Ahmad Salamah, the general manager of the Faysal Islamic Bank, who divided the operations into two parts: Interest-free financing and the Islamic-type set-profit resale operations. He then touched on the development projects in which the profit rates are not high and the yield is lower than the interest rate. Consequently, they provide a market for Islamic-style financing without interest and on the basis of shared risks. Salamah added that two funds have been founded: one for shareholders and for investment bond holders and the other for profits which are not tied to a certain percentage but are divided on the basis of shared risks. Concluding, Dr Salamah said that the problem facing the bank is the problem of the control systems imported from the western banks.

Pakistan: 7,000 Branches

Dr Diya'-al-Din Ahmad, the director of the International Institute for Islamic Economic Studies, then spoke, saying:

"Pakistan is considered the only country which has tried to wipe out the interest rate completely. Consideration is being given to abolishing interest completely. When we found out that the presence of one or two Islamic banks within a big banking sector can create numerous problems, we decided to amend the laws. The experiment then began to grow and Islamic bank branches now total more than 7,000 branches. Naturally, savings and liquidity have been secured and all we had to do was find the investment means. We have thus established the "investment certificates" which cover a period of 5-10 years, with an extension of 2 years. This is in addition to all types of transactions compatible with the Islamic Shari'ah. It is to be noted that the banking laws have been re-written in a way that makes them different from the previously acknowledged British system."

The last speaker at the morning session was Dr 'Abd-al-Mun'im al-Jusi, member of the Islamic Solidarity Bank of Sudan, who spoke in detail about the methods and formulas adopted by the bank, namely:

1. Partnership according to the type of contract, with the bank entering into partnership with the project owner after conducting its studies. The two partners agree to divide the profits according to a certain percentage. As for losses, the two sides share them according to the percentage of their contribution to the capital.

2. Silent partnership, which requires that the capital be supplied by one side and management and expertise by the other. A person with a project submits his project to the bank to study it and to finance it fully. In this case, loss is incurred by the bank and not by the project owner, unless he is the cause of the loss. This is a risky method.

3. Resale for a profit: This is a transaction whereby commodities are purchased by a bank and a certain profit margin is added to them. The buyer can pay a part of the sums due in installments.

Dr al-Jusi concluded by citing the following observations:

A. Partnership operations dictate that the bank enter as a partner in a project.

B. Investment in Islamic banks is not tied to a certain interest rate.

C. Even though many of the Islamic banks do not use the silent-partnership system because of the risks it entails for the banks, it is a successful developmental system that provides the opportunity to every project owner to contribute to developing his society, even though he does not have capital.

First Discussion

The door for discussion was then opened and the following questions were raised by the representatives of the French establishments and firms:

So far, we do not know how the Islamic banks operate and how businesses can resort to them to carry out specific projects.

If usury is prohibited in the venerable Koran, this issue is not completely defined [in Islamic banks' transactions]. Have you conducted a careful study on the issue and have bankers taken part with jurisprudents in this study?

In the pre-Islamic era usury meant that if a person purchased a herd of livestock and did not get the livestock on time, he would get a few extra head. What is the definition of usury at present?

What do the Islamic banks do with their assets and deposits abroad? A friend of mine made a profit of \$40 million in interest on his monies abroad but did not know what to do with the money.

We notice that the resale-for-profit operations are the most common in the Islamic banks whereas long-term investments occupy a small place. How is this compatible with the Islamic banks' objectives of developing societies?

The financial establishments usually finance the various sectors. Do the Islamic banks finance public sector transactions and how can the profit or loss rate be determined here?

'Uthman Sakk said that some of the questions were addressed to him personally and some to the Islamic Development Bank and that he would offer a review of the bank's activities in the afternoon, and he then proceeded to answer some points:

The Islamic Development Bank is owned by the governments contributing to its capital. Its risks are different from those of the other Islamic banks. It advances loans for all private and public activities. The institutions can establish relations with the beneficiary countries because we advance interest-free loans to states for periods of up to 40 years. This is done in accordance with bids and auctions.

What is prohibited in usury is to collect excessive interest rates. But in the venerable Koran, all interest and all that resembles interest is prohibited.

The Islamic Development Bank has large capital and its monies are not stored in safes but deposited with the international banks, producing interest. What do we do with this interest? We turned to the specialists and the jurisprudents and their solution is: All interest accrued is to be put in a special account and used to help needy Islamic societies and may not be used in commercial transactions. These monies may be used to conduct technical studies, to finance the Islamic Research Institute and, finally, as a reserve to cover the changes in currency prices.

It was evident that the Islamic banks' representatives did not agree in opinion with the answers provided by Sakk, especially with his final answer which legalizes money prohibited by the Shari'ah. The lecturer went on, answering the questions, especially the question pertaining to the definition of usury:

"The western dictionary defines usury as any excess over the interest rate set by the law. But in the Islamic Shari'ah, usury is any excess over nil percent. All religions agree with Islam in the definition of usury. Even in the ancient philosophy, Aristototele says: "Money does not breed money." In Islam, usury is:

Any excess over the capital [borrowed or loaned].

Any excess stipulated at the outset.

Any excess tied to a time limit.

There is an ancient definition of usury similar to the definition of Islam. Insofar as the Bible is concerned, there is agreement between the Old Testament and Islam.

Calvin was the first to permit usury and to ask governments to adopt it.

Al-Munsif Shaykh Rawhah answered a question by Yuban Bank on long-term financing by saying that the Islamic banks are still young and that there

is a decision to concentrate on short and medium-range operations without disregarding long-range transactions. But this type of transaction requires lengthy research and studies.

Yunis al-Tamimi explained how the public sector is financed through partnership in profit and loss at the end of the year. The Islamic Bank of Jordan also purchases development bonds in return for tax exemptions and exemptions concerning the mandatory reserve and the percentage of investment to deposits. Insofar as the [currency] exchange risks are concerned, the Islamic Bank of Jordan has developed three alternatives to deal with these risks:

1. Mutual deposits.
2. Distribution of the investments according to the deposits currency basket.
3. Investment through prior agreement on sharing profit and loss.

At this point, (De L'Ongle) asked all participants to head for the luncheon, with the discussions to be resumed in the afternoon.

Islamic Development Bank

In the second session, the first speaker was Dr Muhammad al-Hinnawi, the economic expert at the Islamic Development Bank, who explained in detail all the activities and objectives of the bank, whose capital amounts to more than \$2 billion. The bank represents several governments and its objectives are embodied in social development in the Islamic countries and development of the Islamic communities living abroad. It engages in most financing, investment and leasing activities that are carried out expeditiously. It now accepts the surpluses of the Islamic banks whereas it used to refuse them at the outset. The means to utilize these surpluses have been found through expansion in foreign trade and through turning to the financing of exports and of issuance of investment bonds. Concluding, Dr al-Hinnawi said that the Islamic banks do not compete with each other but rather cooperate in several spheres.

At this point, the door was opened for discussion. The questions focused on the long-term transactions, on how to get information on the projects financed by the bank, on the scope of the secondary markets and, finally, on the bank's strategy in its cooperation with the commercial banks.

Answering the questions, al-Hinnawi said:

"The Islamic Development Bank develops its own strategy to achieve balance between the various types of transactions. As a development bank, we are interested in long-term projects. As for information on the projects we finance, we do not make contacts. This is done by the governments which send us a project's dossier and then we study it and send a mission to familiarize itself with the true situation. Insofar as the secondary markets are concerned, they are among our targets. As long as we do not deal

with interest, then we are prepared to use the funds and the investment certificates to develop these markets. Finally, the aspects of difference between a commercial bank and an Islamic bank must be underlined. Can we say that any commercial bank that does not deal in interest is an Islamic bank? The answer is that an Islamic bank is not a commercial bank that does not deal in interest but is an existing phenomenon and a developmental philosophy."

The second lecturer in the afternoon session was Dr Jamal 'Atiyah, the general director of the International Islamic Financial Establishment in Luxembourg, who explained the relationship between the Islamic banks and the commercial banks, thought to be a relationship of hostility and rivalry. 'Atiyah said: "When we went to Denmark, we found that the issue is one of integration, not of rivalry or hostility. Some may think that the modern Islamic awakening is hampering cooperation between us and the west. This is wrong. There is nothing to prevent cooperation between the two sides. It may also occur to people that foundation of the Islamic banks in Europe justifies the fear of competition. This is correct theoretically and wrong practically. This is why there had to be Islamic banks to address the western banks. Some western banks have begun to prepare for agreements to invest the Islamic banks' surpluses in a manner that does not conflict with the Islamic banks' regulations."

Eric Ferroll Shultz, the general manager of the Islamic Bank of Denmark which launched its operations 15 months ago and opened a branch in Copenhagen 5 months ago, took the floor, saying that the partnership system eliminates the middleman role performed by the western bank. This is what has aroused the fear of the westerners. Moreover, we operate within the framework of a tax system that does not exist in the Islamic countries, and this creates difficulties for us. For example, lease operations are considered among the best means of Islamic lending but they cannot be applied in Denmark. We have begun our work within the framework of the Danish banking system, which is one of the toughest banking systems. If we succeed, the experiment will expand into the EEC countries and the bank will be a link between the Islamic and western countries.

The last speaker was Mrs (Trot Forler Sharif), the technical adviser at the United Nations Industrial Development Organization, who focused on the western banks' interest in cooperating with the Islamic banks in the third world countries where Muslims constitute 20 percent of the population and where they all welcome licit banking transactions.

The door was then opened for questions, which came as follows:

We want a clarification, with tangible examples, on the benefits and drawbacks of each of the conventional and Islamic banking systems for non-Muslims. We, as French, head for the Banque National du Paris or to the Credit Lyons because we have confidence in these banks. What are the attractions of the Islamic banks?

What is the Islamic banks' position toward individual aid. We in France borrow to purchase a house or a car. Can we do so through the Islamic banks?

The representatives of the Islamic banks answered as follows:

The commercial banks seek to make profit from every transaction whereas the Islamic system is not subject to interest rates or to any other factors.

The Islamic bank shares in all operations and in a high percentage of the risks. Thus, a depositor in an Islamic bank knows that his money will be used and that he will earn profits. This being the case, it is up to the individual concerned to decide.

The Islamic Development Bank can be likened to the World Bank in some respects. But a client dealing with an Islamic bank can contact the bank chairman directly. To us, the client does not just represent a number.

As for individual loans, the fact is that the Islamic banks' method of operation differs from the conventional banking system in this respect. A dire need for housing may be met by an Islamic bank. But the objective of improving the position of a well-to-do person is not one that the Islamic bank can meet. For example, the purchase of a car is not considered an urgent need.

Here, disagreement in opinion developed over the answers given by the representatives of the Islamic banks, especially over the final answer, with some of the Islamic banks' representatives denying that their banks operate in this manner. Side discussions took place on this issue after (De L'Ongle) concluded the seminar with an address in which he thanked the speakers and the audience and focused on the awakening of the new Islamic thought--an awakening constituting a phenomenon that attracts the attention of all those interested in the Arab and Islamic world. (De L'Ongle) also thanked the lecturers for noting that this awakening is far from the fanatic movements, asserting in his turn that it is wrong to confuse this awakening with the misshapen movements because the awakening is founded on profound thought.

'Uthman Sakk had preceded (De L'Ongle) with an address expressing his belief that the objectives were achieved on that day, that the Islamic bank can be established and that cooperation with the conventional banks is also possible. Sakk lauded a phrase mentioned in the seminar, saying: "Economy in the 21st century will either be international or not be at all." Sakk stressed in his turn that the economy will be a common international economy and not an economy of confrontation.

[Box on page 69] Aspects of Difference Between Islamic and Western Systems

[Text] The seminar's general framework was to familiarize everyone with the Islamic banks and with their method of operation. The emphasis was put on a number of prominent axes, especially the aspects of agreement and

disagreement between the conventional and Islamic banking systems. The difference between the two systems is normal because there is a big difference between the real economy and the monetary economy.

One of the aspects of difference is the issue of usury and the prohibition of interest, i.e. trading in money. Usury has been prohibited by numerous thinkers because of the scarcity of capital in the past. This is why the usurer and the money merchant, described as the tellers of time when time belongs to God, were condemned. But later trade in money was permitted within fair interest rates. A business owner makes profits and so profits had to be permitted for capital owners. As for usury, embodied in the value added to the capital, it is a kind of development condemned by the Koran.

One of the aspects of agreement between the two systems is the new modern concept concerning the unification of loans and credits in the wake of the eruption of the international debt crisis resulting from the rush of the western bank to make profits by financing development--a rush which led to inflation. Another aspect of agreement is found in the western banks' adoption of a new type of bonds, called "floating bonds" whereas there were in the past bonds with a fixed value and bonds with a changing value. Shared-risk agreements have also spread recently.

The focus was then turned on internationalizing the Islamic banking movement, especially in the wake of the founding of the al-Barakah Consortium and after it became event that the Islamic Development Bank holds shares in the capital of a number of other Islamic banks, thus becoming more similar to the World Bank, which participates in other development banks.

8494

CSO: 4404/532

PRESENT STATUS OF FRENCH SCHOOLS REVIEWED

Paris LE MONDE in French 8-9 Jul 84 p 7

[Article by Jean de la Gueriviere: "Descartes on Dry Bread"]

[Text] A subsidy of 130 million francs for 7,883 pupils registered in the French teaching institutions in Algeria; was this unreasonable? Paris' affirmative answer and the transfer of some offices to Algeria have cast a pall over the beginning of vacation.

Algiers--At the same time that the pupils were closing their schoolbags at the end of June, some of the teachers in the French elementary schools in Algiers were being urged to pile their equipment into cartons, on the hypothesis that they might be moving this summer. It is in fact probable that they will no longer find the same classes when school re-opens, at the French wall of Vitrolles where those classes were found, before being transferred to the presidency of the Algerian Republic, which adjoins the wall.

Despite the stench from a common sewer that is perpetually stopped up and whose outlet is right in the middle of a playground, there was nostalgia when it was time to say goodbye to the school. The laws of France pertaining to the wall of Vitrolles, which also shelters other buildings, such as the paymaster's office, were not clear, diplomats affirm. With about 40 other schools situated even in the South, two colleges and three high schools (Algiers, Oran and Annaba) which are all simply being "put at the disposal" of France, the Vitrolles classes are a part of the institutions run by the French Cultural and University Office in Algeria (OUCFA), which came out of the Evian accords. After months of uncertainty, it has been agreed that France will be satisfied with buildings supplied by Algeria in Ain-Allah, on the outskirts of Algiers, as replacements for the Vitrolles schools.

To the agitation and tall stories stirred up by this affair is added, for a community of teachers and parents occasionally suffering from the collective psychosis of the besieged, their discontent at hearing it confirmed that the OUCFA budget would be drastically reduced, despite the protests accompanied the occupation of offices, as is the custom in Algiers.

The OUCFA operates basically with the aid of a subsidy from the board of cultural relations of the Foreign Relations Ministry. From 130 million francs in 1984 the subsidy is going to be reduced to 95.7 million in 1985. The cut is the

result of the general austerity measures in France and also of some thinking about the operation of the office.

The office was conceived at a time when it was imagined that a million Frenchmen would stay in Algeria. Actually, its numbers declined steadily, despite the nationalization of private schools held by the religious, in 1976. From 28,000 pupils in 1963, there were 7,883 at the beginning of the last school year. The percentage of French pupils continues to decline; there are now no more than 2,620. This year 943 children were added who were born of French mothers and Algerian fathers (the reverse situation does not occur in Algeria), as well as 2,585 Algerians and 1,735 foreigners. The latter are the children of diplomats or cooperants, with a high proportion of students from Eastern Europe whose parents, after having breathed in Algeria what is an air of freedom compared with that of their own countries, are happy to be able to take an option on the future, thanks to the fact that they speak French.

In principle, all Algerians are obliged to receive the national education, which is arabized. But there are "dispensations" for the children of parents, diplomats for example, who are called to stay in France or in French-speaking countries. In practice, there are many accommodations. There are twice as many requests as can be satisfied for nursery school registration. Admission is granted virtually automatically to Algerian youths whose brothers or sisters have already gone to OUCFA schools. For the rest, delicate choices have to be made. The final list of pupils is communicated to the Algerian authorities; it does not come back with names crossed out, quite the contrary.

A Microcosm

The jewel of the French institutions in Algeria, the Descartes high school in the capital, is attended by 977 Algerians, 504 French students, 432 children of French mothers, and 291 foreigners. Many of the Algerians have parents in the nomenklatura (middle class), but there also children of notables who are not necessarily in favor. The son of an academic conservative, arrested in 1982 and released a few weeks ago, attends Descartes. At the time of his arrest, the authorities denounced "double talk by a man who claims to take his inspiration from a movement that is hostile to coeducation in the schools, but enrolls his offspring in a foreign institution."

There are not many schools in the world where the kids are awaited by so many chauffeurs at the wheels of Mercedes or BMWs. Some mothers confess to spending a quarter hour of their day driving the pupils, for lack of good transportation in Algiers. The Descartes bottleneck, on the city's heights, is famous. At the entrance to the establishment, no one has removed the plaque with the name of the former Fromentin high school, which was renamed to take the name of a more universal great man. On one wall there also remains the plan of the premises at the time when it served as the seat of Gen de Gaulle's government. One building still bears camouflage against the bombings of the Second World War.

The teachers complain of the age and lack of adaptability of the place. Those least inclined to adapt to the local working conditions are those who come from France. Of the 152 Descartes teachers, one third are "on the decree" (the 1967 decree relative to advantages for personnel sent abroad: in practice, double the usual salary). Among the local recruits, whose number the administration

wants to increase because they cost much less, there are about 60 Frenchwomen married to Algerians, as well as Frenchmen who have settled in Algeria. In addition there are 15 teachers of Arabic--Algerian or Middle Eastern--, genuine poor relations, and these are paid by Algeria, at the local rate.

The place that should be given to the study of Arabic is one of the "unsaid" factors that sometimes weigh heavily on the institution. The teaching of such subjects as history and geography appearing in the French curriculum is not always easy to achieve. The office likes to make use of the difficulty, since one of the required subjects for graduation in 1984 was decolonization.

The major problem is that for those Algerians who cannot take the course, there are no substitute curricula, as there are in France. "To turn away a high-school pupil in order to hand him over to the Algerian system into which he can no longer be integrated is a real tragedy of conscience," a teacher told us.

No less than 65 service personnel--guards, street cleaners, cooks, plumbers--work at Descartes, not counting 20 monitors. There is good reason, of course, to take into account the local problems, but it is going to be necessary to eliminate the fat from those numbers, officials say. Savings can also be obtained in the Office's administrative personnel, especially in the cost of the provincial establishments, whose rolls have been reduced (there are only a few French students in the last classes at the Annaba high school).

Families are too accustomed to acting as if we were in France, the officials continue. Relatively high for foreigners, education rights for French and Algerians, who are on an equal footing in this area, are infinitely less than in the other French high schools abroad. These rights will be increased two and a half times for the French and the Algerians when school re-opens. The news stirred up an outcry on the part of the lay association for parents of pupils, who were quick to mobilize and who go so far as to see in it a challenge to public education. Rumors, premature for the moment at least, about "the rejection of thousands of children" aggravated the situation. There was some question of occupying the embassy, but it was foreseen that the presence of foreign parents would be likely to create problems.

"We know that France is having difficulties, we are prepared to pay," an Algerian said at a gathering of parents of pupils. Without speaking the word, a Senegalese evoked Paris' betrayal with respect to families native to French-speaking black Africa. One of the things learned from the crisis is that these Africans believe that France owes them something everywhere in the world.

"The cultural relations board has a world vision of things that doesn't take in the former colonial reality," we were told by a civil servant who is up-to-date on these questions. "It is working without adequate liaison with the rue Monsieur (the cooperation services). There is an historic chance at present for French to be the language of black Africa, as Portuguese is still the language of Brazil. Because they have an international language with Arabic, Algerians regard the word "Francophone" with suspicion. But they know that, for their diplomacy and later for their trade with black Africa, they will always need the language of Descartes as a working tool. It is ridiculous to distribute the savings by using the cost per pupil as a base for the French budget, without taking history and geography into account."

Those who can indulge in calculated comparisons, however, assert that it will be much more likely, in 1985, that the Algiers high school will be "put on the same level as the one in Brussels" as far as French aid is concerned. The agitation of the diplomatic Landerneau will subside with the summer. The OUCFA still has the job of preparing for a school re-opening that promises to be a difficult one.

The parents who are most worried are the cooperants from "brother countries." Three hundred fifty-five Polish, 214 Hungarians, 115 Bulgarians are enrolled in OUCFA institutions. "After all," says an official of the office who is irritated by petty profitability arithmetic, "we would be prepared to spend much more to open a high school in Sofia."

8946

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NEGATIVE ASPECTS OF PORT SA'ID FREE TRADE ZONE VIEWED

Cairo AL-AHRAM in Arabic 23 May 84 p 9

[Text] Where has the Port Sa'id free trade zone taken us, and what have been the side effects on the national economy? At the same time that private and public resources have increased, other factors have contributed to a deterioration in conditions. They are as follows:

-- Thousands of non-natives have rushed to Port Sa'id to practice business and take advantage of the prosperous business climate. This has resulted in a tremendous demand for housing that has worsened the housing crisis and made it difficult for the Port Sa'id natives to get proper housing. It has also resulted in pressures on the city's overburdened utilities.

-- The city's natives have turned to practicing business and many of them have abandoned their jobs and left school. It has reached the point that there is a worker shortage, especially of craftsmen, who have turned to business. In fact, the wages of those who have remained have been excessive, and this mostly affects members of the lower income group who cannot participate in this transformation.

-- As a result of the labor shortage, the cleanliness of the city has suffered to a large degree. This goes unnoticed except to those who have lived their lives in the city, which used to be the model of cleanliness and order and a retreat for those seeking quiet, rest, and relaxation.

-- The markets for many of our industries have been affected, especially the textiles and clothing industries, because of the huge volume of imports. We have introduced into our lives types of clothes that used to be considered rags. Now clothing is worn that is very flimsy. The main justification for this was to give the lower classes the opportunity to acquire clothing at low prices, but consideration was not taken of how it would damage our reputation.

-- The state has lost hundreds of millions of Egyptian pounds in customs duties on goods that come into Port Sa'id and are smuggled out of the city. This is impossible to control and the crime is still being carried out. The best evidence of this is the huge amount of goods offered in nearby cities, especially al-Qantarah Sharq. I estimate that the customs taxes

received by the state do not correspond at all with the amount of imports that have flowed outside of the city. The amount of smuggled goods can be determined by subtracting [from total imports] what is consumed or sold in the city's markets, an amount that can be estimated by experts as a percentage of total imports.

-- Visitors to the city suffer from a shortage of conveniences and facilities where they can spend their time resting from the burdens and efforts of several hours of searching for their duty free goods. In fact, many have complained about the lack of the various kinds of restaurants that would provide a quick meal at a reasonable price. We must not forget to point out the suffering of those who have to pass through the customs booths, although I have said much about this before as an indication of the stagnation that dominates the city's markets. The best evidence of this suffering is the period that those departing must wait for inspection and payment of customs duties, and the taunting, cajoling, and petitioning that goes on to lessen the taxes, something which wastes time and unnerves those present at the booth, including the customs officers who are debilitated by working under inhuman conditions and in unsuitable places that only represent the poor state to which the city has declined.

-- The customs of some of the Port Sa'id people have changed, and these people have lost the cohesion for which they were famous. Perhaps among the reasons for this are the exodus of many families from Port Sa'id and their resettling in other cities, and the fact that the interests of some people in the city are linked to the influx of many other families who have come to take advantage of the new situation.

-- The income of many people has increased and they no longer accept the notion that one day their income will be decreased by rationalization measures or by the imposition of taxes on groups of products. This makes their prices unattractive to visitors to the city, whose numbers have already decreased markedly.

-- With the increase in private and public income, the city has not benefitted in the best possible way. It was expected that businessmen, merchants, bankers, and the citizens of Port Sa'id would establish a number of companies that would participate extensively in development, and that these companies would be private in nature, in keeping with conditions in the city at the present time. However, the sincere natives of the city know that the current industrial transformation is marred with dangers. Industrialization requires zoning for the construction of factories and planning for their basic utility needs, such as water, waste disposal, electricity, and housing that must be built to accommodate the workers in these factories. The range of possibilities has not even been considered for projects that could be undertaken in the city to remedy the confusion and fear that currently dominate Port Sa'id society because of the people's concerns about the direction of change.

-- Public sector companies have participated since the beginning of the free city experiment in importing or marketing imported goods for the benefit

of others, although the management of these companies was supposed to stand up against this trend and merely coordinate with the production sectors, whether public or private, in order to provide them with good, locally manufactured products, with which our markets are overstocked and whose quality is no worse--in fact, it is better--than the equivalent imported goods. There is no room here to enumerate the various products that could be marketed in the city to stop the import trend and activate our factories for the benefit of our people and not for the benefit of foreign industries.

-- The tremendous resources available to the city have not been utilized for repair of the city and restoration of the spirit of beauty. Examples of disrepair are the ruined bridge at the entrance to the city and the hotel that overlooks the entrance to the canal. Restoration of the hotel is proceeding at a snail's pace, reflecting our lifestyle. Those buildings that were constructed along the most beautiful beaches have no taste whatsoever. They look as though they are emergency shelters and do not blend in with the city's streets and sidewalks, gardens, beaches, and buildings both old and new.

If one wants to understand what the condition of the confused city is, one must understand that those who are doing the work are merely going through the motions.

12608

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DEMOCRACY BASED ON ISLAMIC PRINCIPLES EMPHASIZED

East Burnham ARABIA: THE ISLAMIC WORLD REVIEW in English No 35, Jul 84
pp 20-21

[Article by Mohammad Salabuddin in the "Alternative Thoughts" column:
"Democracy in Egypt Hinges on Islamists"]

[Text]

One well-known Egyptian joke about elections tells us that when President Carter was running for a second term, he complained to "his friend" President Anwar Sadat about the difficulties his campaign was facing. As usual, Sadat was prompt in helping his friend: "Mr President, you don't have to be worried, I shall send you the best international expert in election campaigns." Sadat then called his interior minister, Alnabawi Ismail, and ordered him to leave for Washington at once. Returning to Cairo, Alnabawi went immediately to the presidential palace to report on his mission. Sadat asked: "What was the result?" and Alnabawi replied: "You have won the American presidential election Mr President! The results are 99.99 per cent in your favour!"

The same repressive apparatus which assured Sadat of his 99 per cent victory was fully at work during the May 27 elections in Egypt — but with carefully planned restraint that allowed the opposition to win about 29 per cent of the votes. Less than half of these (13 per cent) were handed back to the government party, thanks to the election system which was designed carefully by the government to put as many obstacles as possible in the way of the opposition parties and candidates.

Even if we accept on face value the government's claim that the country has had the first genuine free election for many decades, a number of bitter and hard facts confirm that the results do not represent in any way the true opinion of the Egyptian electorate (see *Arabia's* coverage of the elections in this issue). It is difficult indeed for a non-Egyptian, especially a westerner, to conceive how dominant and penetrating the authority of the government machinery is over all aspects of life in Egypt. Any citizen who ventures to show some resentment against government policies is risking a great deal, perhaps even his life.

Through almost twenty years of his authoritarian military rule, Nasser's main concern and achievement was to put the life and subsistence of each and every Egyptian under the total control of his repressive and ruthless regime. The entire political, economic, cultural and social system of the country was designed to achieve this end. All the economic resources of the country were controlled through the socialist land reforms and nationalisation. This was done in order to crush and suppress any possibility of opposition. The savage and barbaric torture, the collective punishment and mass murders and the desecration of human

dignity reached such an unprecedented peak that the whole nation shivered with fear and terror. Unfortunately, the same machinery of terror which was established by Nasser was kept intact during the days of Sadat and is still in full use under Mubarak.

A few trials for a very limited number of the heads of this terror apparatus, during the last days of Nasser and the early days of Sadat, were totally deceptive and superficial. They were intended to help the regime to contain some of the widespread anger and resentment over the disgraceful and savage tortures, and to convince the nation after the disastrous defeat of June 5, 1967 that there would be a drastic change in the attitude of the government. This never happened. Murderous heads of the secret police, who committed and supervised the most heinous and savage mass torture and killings, are still free and in high-ranking positions. It has been proved beyond any doubt that torture did take place after the assassination of Sadat and during the early days of Mubarak against the detained members of the Islamic societies, some of whom died under the severe torture.

It can be truly said, however, that the regimes of both Sadat and Mubarak cannot be compared with that of Nasser as far as human rights violations are concerned. This kind of logic can be accepted if we agree to consider freedom and human rights not as a birthright of the people but as a grant of charity which can be given or withheld by the rulers. Thus we can justifiably see that the reigns of the three rulers are basically the same where everything, notably the lives and civil liberties of their subjects, is dependent on the rulers' will — which constitutes always the ultimate law. This exactly is the essence or the crux of tyranny and dictatorship, regardless of the cosmetic which the propaganda machine puts on the face of each regime.

A leading member of the opposition, who is a lawyer by profession, asked me during my recent visit to Cairo a few days before the election to consider three important points:

- That thirty years of bloody and savage tyranny and dictatorship cannot be overcome overnight. One of its most serious consequences is the diminishing of any alternative leadership. This leadership needs a long time to be rebuilt, trained and

introduced to the public and to take hold of the new realities and problems of the society.

- What really does matter in the present process of this pseudo-democracy is not the result of the election but the breaking of psychological barriers of fear, passivity and docility and the destruction of the servile spirit which dominates their thought and behaviour.

- It is equally important to get the people in authority, from top to bottom, to recognise that they are not infallible human beings, that they are vulnerable and subject to errors and criticism, and to accept the fact that their will and wishes can be challenged and their mistakes and abuse of authority can be exposed.

Nobody, indeed, can disagree with such a realistic approach, but what is needed for democracy in a country like Egypt is far more. Democracy or dictatorship is not established overnight. It is the end product of a tortuous and long process through which the appropriate political, social, economic and cultural infrastructure is planted and takes root in society. It is the outcome of a tough and exacting process through which the mental and psychological structure of the human being is moulded. If one took Fidel Castro or the most ruthless dictator of our time and put him in the White House or No. 10 Downing Street, he would not adjust to the democratic system and its institution. It should be remembered here that bugging of his opponents, let alone killing or torturing them, ruined the political life of the president of the strongest nation of the world — Richard Nixon. Likewise, if one took President Reagan or Mrs Thatcher and installed them as heads of any authoritarian regime both of them, if they tried to democratise the system, would be hanged or executed and dubbed as the arch-enemies of democracy and freedom!

It must be added also that both democracy and dictatorship, as history testifies, have never been granted or offered but achieved through tortuous suffering and the enormous sacrifices of many generations.

With no hesitation whatsoever, I hold the Islamic movement in Egypt totally responsible for the long awaited and needed historical process of building a

solid infrastructure for eradicating dictatorship and tyranny from Egyptian society for these reasons:

- It is the Islamic movement alone which carried willingly almost the entire burden of fighting tyranny and despotism in Egypt and paid the most terrifying costly price for this struggle throughout the last thirty years with their lives, horrific suffering and the curtailment of freedom of its members. The dreadful prisons of Nasser, his torturers and his gallows witnessed suffering and the elimination of tens of thousands of Islamists.

- Islam holds freedom as the imperative prerequisite for performing its obligations and the sole base and justification for faith and accountability. It builds the Muslim mind, heart and psychology as a freedom

fighter and a rebel against all kinds of tyranny and despotism. It declares the Muslim as a guardian of liberties for all mankind, especially the non-Muslims. Liberty and shura became sacred duties of the Muslim society centuries before Europe emerged from slavery to a free society.

- It is Islam alone which can create the necessary political, cultural, economic and social fabric, infrastructure and institutions without which no real democracy can be achieved.

Unless and until the Islamists in Egypt and elsewhere assimilate this in both their thought and behaviour, and embody it truly in their organisation and institutions, they will be betraying Islam and Muslims, dishonouring their succession of martyrs and wasting their long record of struggle.

CSO: 4500/90

BACKGROUND OF MB, NEW WAFD ALLIANCE, ELECTION RESULTS DISCUSSED

East Burnham ARABIA: THE ISLAMIC WORLD REVIEW in English No 35, Jul 84
pp 22-28

[Article by Fahmi Howaidi: "Egypt's Democratic Experiment"]

[Text]

For the Egyptians caught in the hectic campaign for the first free election in decades, it was a sign of the times to read in the press that the minister of the interior has decided to bring a legal action against the Wafd party's newspaper for accusing him of rigging the elections. What is more usual in many Arab and Third World countries is that a minister of the interior does not threaten court action, but rather takes punitive action against his opponents himself.

Another interesting feature of the Egyptian elections last May is the repeated allegations in the opposition papers that the ruling National Democratic Party and local government authorities have used force in order to affect the course of the elections, followed by a declaration from the Wafd Party that it will question the government on the matter in the first session of the People's Assembly. That open force was needed by the ruling party to interfere in the polling is remarkable, when interference could have taken place without the application of overt coercion — as has always, and still does, happen in most Arab countries and those of the Third World. Again, this also shows that the opposition parties not only had sufficient courage but also a forum from which to make their opinion known to the public at large, clearly and without fear.

It is equally striking to read in the newspapers that people in the town of Shabeen al-Qanater, near Cairo, broke into an election centre and burned some ballot

boxes in protest against open rigging committed by supporters of the ruling party. It is an indication that at least some sign of the expression of public will has existed.

The Egyptian elections of May 27, for the election of the seventeenth parliament in the modern history of Egypt, was thus a landmark and a beginning of a new positive era. It has been full of important signs that deserve careful attention. An important political analyst in the Arab world, Ahmed Bahauddin, described these elections as the most important in Egypt since the country saw its first elected assembly in 1924. Before the revolution of July 23, 1952, "elections" used to be fixed within the triangle of the royal palace, the feudal interests and British colonialism, and after the revolution interference in the polling process became common, leading at the end — under Sadat — to overt rigging. "This year," says Bahauddin, "the president wanted it to be free and clean from the start."

A fact that further adds to the importance of the elections is that it was the first time the Islamic movement could participate significantly in the elections — under the Wafd umbrella. It is also the first time that the Ikhwan have had as many as ten seats in the Egyptian parliament. It is true that the Muslim Brothers have attempted to fight elections before, in 1942. Imam Hassan al-Banna applied to represent the Ismaeliyah constituency, where the movement was born in 1927, but was later pressurised by the prime minister, Mustafa al-Nahhas, then leader of the (old) Wafd

Party, to withdraw. Al-Nahas was himself acting under British pressure.

Accordingly, numerical results alone are not enough to give a deep understanding of the significance of the recent Egyptian election, nor would mere restatement of the accompanying events. It is not sufficient to say that among an electorate of 12.329 million Egyptians only 5.323 million actually voted, a mere 43.14 per cent; or that 448 seats were fought for by 3,900 candidates throughout the country. It is not enough merely to state that the ruling party, the Wafd-Ikhwan alliance, the moderate Labour Party, the leftish Unionist National Gathering Party and the Liberal Party have won 72.98 per cent, 15.12 per cent, 7.07 per cent, 4.17 per cent and 0.64 per cent of the votes respectively. An 8 per cent minimum of votes is a prerequisite for party representation in parliament under the Egyptian election laws, legislated just before the election campaigns. As a result of this requirement only two parties, the ruling National Democratic Party (NDP) and the new Wafd-Ikhwan (W-I) alliance, are represented in the parliament — 390 seats for the NDP and 58 seats for the W-I alliance.

It is equally not sufficient for a proper understanding of the elections to read a government announcement that 88 'incidents' took place during the election process or the detailed accounts of such incidents published by the opposition parties. The most important of these was the death of a Labour Party candidate for Luxor constituency in Upper Egypt, Nimat Hassan, who was shot by a cousin of the opposing ruling party candidate. Another serious incident was the death of Hussain Tawfiq Murad, assistant of a Wafd candidate in the province of Sharqiyyah. He had protested against the elections being influenced in favour of the NDP, was arrested and later died as a result of beating. A third casualty lost his life in Assiout, Upper Egypt, in an armed brawl involving a Wafd candidate, Mumtaz Nassar and supporters of the NDP. Members of opposition parties in many constituencies were reported to have been beaten.

All these facts and figures, though important, do not give a complete picture of the eventful experience of these elections.

The elections took place within 30 months of Sadat's assassination and the coming to power of President Mubarak. Two objectives have been aimed at by the succeeding president: to provide a democ-

ratic environment in order to give legitimacy to his rule, at a time when it is difficult to secure any short-term achievement of significance under the pressure of the economic crisis, the embarrassment of Camp David and other difficulties. Second, it is intended that the elections be utilised for getting rid of some aspects and leading figures of the Sadat legacy, especially those who dominated government and parliament and the media as well as being involved in various aspects of political and economic corruption.

A further important point is that the newly elected People's Assembly will elect the president after the expiry of the current presidential term. President Mubarak has already served two years out of the constitutional term of six years and will need a two thirds majority to be re-elected for a second term by the assembly — which will survive him by one year, its total duration being five years.

Such circumstances were dominated by the strong presence of the "Sadat group," led by the late Dr Fuad Muhyiddin, the ex-prime minister, which successfully promoted two important laws before the election aimed at controlling the opposition parties and depriving them of any effective presence in the assembly. The first of these was the 8 per cent limit law (the original bill suggested 10 per cent). This requirement could defeat a candidate in a party which did not meet the condition, whatever number of votes might have been secured. It is an obstacle put in the path of newly established parties, the oldest among them not exceeding seven years of age — with the exception of the Wafd which was reborn through a judicial decree in February 1984.

The second law re-divided the 176 constituencies, reducing them to just 48, and increased the parliamentary seats by one hundred to become 448. This resulted in a marked increase in the size of constituencies, rendering it difficult for a single candidate to effect a strong campaign coverage and making it easier to corrupt the process.

Under the 8 per cent law only party lists of candidates are acceptable with no individual candidacy possible. This rule was applied for the first time in Egypt in order that the "Sadat group" could consolidate its power. According to a learned observer, Muhyiddin announced that only little change would occur in the formation of the last People's Assembly (elected through bogus elections under Sadat and

which passed the most notorious laws in Egypt) and that no more than 10 per cent of the members would be changed.

Minister of the Interior Major General Hassan Abu Basha, on the other hand, prepared a report stating that some of the members of parliament elected under Sadat were involved in many illegal transactions — including illegal drug dealing — and that the re-shuffle should include these members, estimated at 17 per cent of the assembly. When the two ministers failed to agree on this contentious issue they decided to refer to President Mubarak, where another surprise was in store: the president had already convened a group to report on the matter and implied a possible change of up to 55 per cent of the members of parliament.

This led to the revision of all the electoral lists prepared by the prime minister for all of the provinces, except Sohaj, in Upper Egypt. It was the first indication of Mubarak's endeavour to effect a silent coup against the Sadat establishment, a stance that has been confirmed after the announcement of the election lists which omitted, it was noted, a number of names regarded as important Sadat men in the ruling party and in parliament.

Each party could have ten candidates in each of the 48 constituencies, bringing the total to 480 per party. However, only the NDP and the W-I alliance could secure this number. The Labour and National Gathering parties had only two candidates in most of the constituencies. The Liberal party participated in a limited number of constituencies and with only two candidates.

The first and most important surprise in the election campaign was the agreement struck between the Wafd Party and the Ikhwan to jointly enter the elections. According to reliable Ikhwan sources, their Egyptian leadership had taken an early decision to fight these elections fielding independent candidates — but the 8 per cent law, which made that percentage a condition, stipulated also that competition should take place among the existing parties and excluded independent candidates.

This stipulation therefore left the leadership the choice of joining the ranks of any suitable party entitled by law to join the campaign. The Ikhwan contacted Ahmed Sabahi, founder of the Umma Party, which advocates the application of Islamic Sharia as the law of the land. He welcomed their entering the election cam-

paign under the Umma Party standard, but the authorities got wind of the agreement and consequently hurried to abort the union, using as a pretext the Umma need for cash. The Umma Party was thereupon granted financial help, said to be about E£2,000, which led to the party backing out of the negotiations with the Ikhwan.

When the matter was debated within the Ikhwan leadership a survey of the existing parties was carried out, the result of which was the following:

- The National Democratic Party was excluded because it is the party of a government still intent on persecuting the Islamists, oppressing them and erecting obstacles in the path of Islamic advancement.
- The Labour Party was rejected because it was one of the parties formed by the authorities (Sadat was one of its founders), and because it supports the Camp David agreements.
- The Tajammou (Gathering) Party was equally discounted because its very structure cannot incorporate the Islamic trend, owing to the strong Marxist presence in its ranks.
- Finally, the Liberal Party was precluded because of its unpopularity and its support for an alliance with the US and sympathy for the Camp David accords.

With the exclusion of all these parties, only the Wafd remained for the Ikhwan. It was the Ikhwan's favourite for many reasons: to begin with, it is a party with a long patriotic history in Egypt; it derived its legitimacy from the judgment of a court of law; and it was not a party that agreed with the persecution of the Islamic movement or tried to eliminate it. Besides the Wafd, by virtue of its very structure and historical background, has no definite ideology but has been an umbrella organisation grouping varied political trends from right and left. This meant that in the words of an Ikhwan leader, those affiliated to it need not make any ideological concessions; which in turn made it the haven for many independent candidates who were unable to enter the elections on their own.

Equally the Wafd leadership was anxious to strike an alliance with the Ikhwan. It even expressed readiness to change the secularist attitudes of the party and to include in its programme and principles the sincere call to advocate and implement the laws of Islamic Sharia. The Wafd view was that an alliance with the Ikhwan

would be useful in that while the Wafd masses were from the cities the Ikhwan, because of the very nature of their cause, would be more able to win the Egyptian countryside votes whose main characteristic is deep commitment and adherence to Islam.

The Wafd generations and its basic cadres are all now approaching old age. The dissolution of the party in the first year of the July 1952 revolution produced a gap in the continued contact of the Wafd with the new generations, among whom the Ikhwan as well as other broad Islamic movements play an active part. This greatly benefited the Wafd candidates during the elections.

The Egyptian Physicians Union elections during the month preceding the national elections was another strong indication of the efficacy and effect of Ikhwan and other Islamic movements among the educated. The Islamists won those elections with an overwhelming majority, taking ten seats out of a total of twelve, and the other two seats were won by candidates endorsed by the Islamic trend. Dr Abdul Muneim Abul Futooh, a member of an Islamic movement, had a total of 5,800 votes, thus surpassing the then secretary general of the union who had a mere 4,000. While a student, Futooh confronted Sadat in a conference while the latter was making a speech. The president was so agitated that he lost his temper and shouted: "Stop! That is enough!"

The mediator for contacts between the Wafd and the Ikhwan was Sheikh Salah Abu Ismail, an Islamic leader who won his seat as an independent candidate in the preceding People's Assembly. He joined the Wafd Party when it was first revived in 1978, and more than once professed that he was "the Wafd ambassador to the Ikhwan, and the Ikhwan ambassador to the Wafd."

Once Omar al Telmisani, the Ikhwan spokesman, and the Ikhwan leadership had taken their decision, a written circular entitled "The Muslim Brotherhood and the Elections" was issued to answer three main questions: "Why did we enter the elections? Why in alliance with the Wafd? What do we want to tell people?" The theme and essence of the circular was that the Islamic trend wanted to be active and to operate through legitimate channels, and to support the forces defending freedom and democracy. It further listed some of the reasons for the Ikhwan alliance with the Wafd.

The decision by the Ikhwan leadership to strike their alliance with the Wafd was not unanimous but by majority vote. Some Ikhwan leaders believed that such an alliance was out of the question, for reasons related to the size of the movement and its credibility on the one hand and to the strong reservations against some elements in the new Wafd on the other. An example of a prominent figure with this view is Alaur Hafez, an ex-army officer who played a limited role in the July 1952 revolution then joined the "Liberation Front", the first political organisation to be set up by the revolutionary government. He later participated in setting the headquarters of the Ikhwan on fire in 1954.

The group opposed to the alliance with the Wafd however kept silent, and submitted to the opinion of the majority supporting the alliance. The only exception was Hassan Doh, one of the leaders of the Ikhwan Youth Organisation in the 1950s. He wrote an article in the daily *Al-Akhbar* in which he expressed opposition to the alliance with the Wafd and attacked it vehemently. From that article the newspaper's editor Musa Sabri concluded that the alliance with the Wafd had caused a split in the ranks of the Ikhwan.

That step initiated a severe attack by the government-owned media with a view to causing a split within the Wafd on the grounds that it had abandoned its secularist attitude and its traditional principles. The attack was also aimed at alienating the Copts from the Wafd on the grounds that the party was, historically, a national unity umbrella under which both Muslims and Copts were united. The official media and the weekly *Al-Musawwar* in particular persisted, for two whole months, in their attempts to cause dissension among the Wafd ranks, to encourage dissidents and to provoke the Copts by alleging that the Islamists call for violence and advocate dividing the citizens into thimmiyyeen (non-Muslims in an Islamic state) and non-thimmiyyeen (Muslims of such a state) which, *Al-Musawwar* alleged, would turn the Copts into second-class citizens. The smear campaign continued vehemently until it was carried beyond the alliance and the Islamists so as to hit Islam itself, which did not escape the continued weekly campaign of defamation. Thus *Al-Musawwar* went as far as attempting to split national unity in Egypt so that the ruling NDP might win the elections.

Faced with such a campaign, Telmisani started a counter-campaign, particularly in the weekly *Akhbar Al-Yum* and *Al-Wafd* daily. In *Al-Wafd* he published an article titled "Dissension is asleep — May God curse those who awaken it." In reply to the *Musawwar* campaign, he wrote: "If in the cooperation between the Ikhwan and the Wafd there can be a way for cooperation between Muslims and Copts to achieve what is good for the country, there is nothing that we can pride in more." He added: "It is really heartbreaking to see winning the elections become a priority and more important than the great national interests."

In *Akhbar Al-Yum*, Telmisani wrote: "Ever since the days of Farouk, the Egyptian governments have been closing against us all doors that are open to everyone else, as if we were not Egyptian citizens. The organisations (Muslim Brotherhood) are legally non-existent. The magazine was suspended and its publisher (Salih Ishmaur, in whose name the licence was granted) died. Religious festivals are prohibited. The security forces incessantly chase us. The party law has been such worded and formulated, even made to measure, in order to prevent the Ikhwan from praying to God... What shall we do then? They criticise us for striking an alliance with the Wafd, and they would have done the same if we had had an alliance with any other party..."

The Ikhwan started negotiations with the Wafd over candidacy allocation in the elections. The task was carried out by Muhammad Fareed Abdul Khaleq, member of the former Ikhwan Council of Guidance (leadership) and the leader of the Wafd, Fuad Sarag-Eddin. Initially, the Ikhwan nominated 67 candidates and suggested that 16 of those top the Wafd lists in 16 different constituencies of the total 48 constituencies. They suggested that the rest be distributed among the other constituencies as original, not reserve, candidates, and the prime positions in those lists (numbering 30) should be reserved for the Wafd candidates.

The negotiations went through difficult and critical stages however, and almost stopped as a result of difficulties over the Wafd leadership. On this issue great pressure was exercised by some Wafd factions, especially the secularist trend within the party; in addition, attention had to be paid to the Copts, who constitute an element of great importance and are represented by Ibrahim Farag al-Nuhami, secretary gen-

eral of the Wafd Party. When the negotiations came to a dead end, the Wafd leader suggested that the whole issue be referred to the Wafd officials in the muhafazas (administrative districts), so that they might coordinate with the Ikhwan representatives according to the circumstances in each muhafaza.

The final arrangement was the nomination of five Ikhwan instead of the original 16 to top the Wafd lists, while another 17 were chosen to take front positions on the party lists in other muhafazas. The number of Ikhwan candidates on Wafd lists thus fell from 67 to 22. This displeased some of the Ikhwan, who suggested that the party withdraw from the alliance. The leadership's view, however, was that in the light of the siege imposed on the movement and the continued smear campaign against it, the Ikhwan should never let any opportunity escape them to work in a legitimate framework and should express their ideas from any platform or through any means available to them.

All the political parties had emphasised in their manifestoes their support for the application and implementation of the Islamic Sharia laws. The Wafd election manifesto professed: "The Wafd Party believe in what the Constitution stipulates, i.e. that Islam is the religion of the State, that the principles of Islamic Sharia are the main source of legislation and that Islam which is tolerant enough to guarantee and secure the rights of everyone entitled to them, even if it were for a non-Muslim against a Muslim is the guarantee of national unity and social harmony." The manifesto added: "It goes without saying that national unity between the two main elements of the nation, the Muslims and the Copts, has always been and will always be the unequivocal steady and never-changing doctrine of the Wafd Party."

The real surprise came in the manifesto of the ruling National Party. It professed that the party "is the living expression of commitment to implement the principles of the July 1952 revolution." It ignored completely the Sadat era, or "May revolution" as it was later called by Sadat, who was the founder of the party. The lengthy manifesto mentioned Sadat only once when it referred to the October 1973 War. The manifesto gave the impression of trying to ignore the Sadat era — a significant indication when coupled with the reduced number of pro-Sadat candidates for the elections.

Muhammad Sayyed Ahmad, an Egyptian political writer, commented on the NDP manifesto: "The ruling National Party claims that it is the party of the Revolution, while it has been the most prominent party to attack the July 1952 Revolution and corrupt its achievements... so much so that it would be a good candidate to bear the name the Counter-Revolution Party!"

Another issue on which the manifestoes differed was the Camp David accords, which constitute a weak point in the Egyptian political structure. The National Party totally ignored the agreements and made no mention of them — though the spirit of the manifesto implied adherence to them. The Wafd Party, however, demanded repudiation of the Camp David agreements as Israel has never honoured its obligations. The Labour Party demanded that the agreements be frozen for the same reason, but the Liberal Party supported Camp David. The Tajammu Party never accepted the agreements and called for "the fall of the Camp David course gradually." Neither this party nor any other has actually called for the immediate cancellation of the Camp David accords.

It was in this atmosphere that the elections took place on 27 May last. The election itself and the campaign has produced the following significant indications:

- The democratic experiment in Egypt has been a comparative step forward — it is difficult to imagine the possibility of a jump from a complete fixing of elections as practised by the authorities during the past years to a completely free and honest election, to be instituted by the very same organs of the system, all in a mere 30 months.

In spite of all that has happened the opposition parties had the opportunity to use their election propaganda machine in an atmosphere of great freedom and were allowed to bitterly criticise, in the press and in their conferences, every member of the ruling party — including the head of the state, who is also the party's president. The leaders of the parties were given the right to present and broadcast their manifestoes on state-owned television twice, and people could hardly believe their eyes when they saw Fuad Sarag-Eddin on their TV screens for the first time in 30 years. The academic staff committee of Cairo

University arranged a debate between all parties, which was regarded as a real enrichment of the democratic experiment.

- The National Party's desperate attempt to defend itself, even by resorting to violence, has attracted attention to the fact that the government party had entered the elections with real anxiety for the first time since 1952. It was customary in the past for the government party to enter an election with much confidence and assurance, so the defensive attitude adopted by the ruling party this time was considered another positive indication of the beginning of the end of the party's monopoly over political activity in Egypt.

- From these elections President Mubarak has emerged a much stronger ruler than he was previously. This will most probably give him a freer hand in effecting change and reform long awaited by political circles in Egypt ever since the assassination of Sadat in 1981. There is unanimous agreement that the votes the National Party won, despite its bad reputation and its close links with the Sadat era, would never have been secured had it not been for the credit President Mubarak enjoys among the masses. Those close to the Egyptian president say that he views the past two years as a transitory period and that he intends to start a new era after the elections, during which he will reconstruct his party and the government.

- The Islamic trend has achieved three major objectives in this political experiment. It appears to have taken the right course by deciding to play the democratic game and enter the elections, which secured for it ten members in the Egyptian parliament. The second achievement was the retreat from its entrenched attitude on party alliances: it has realised that the game of politics has its own rules and regulations which have to be complied with as long as they do not sacrifice principles and doctrine. Its third success was in effecting coordination and reconciliation between the Ikhwan and other trends in the Islamic movement — or at least the moderate but committed trend that forms the bigger slice of the movement. That coordination was responsible for Ikhwan candidates' victory in the elections, as well as greater success in the Physicians Union elections.

- The last lesson of the election results and conclusions based on them was that the experience has proved elections by

proportional lists (representation), a procedure adopted and maintained by the late Fuad Muhyiddin, then prime minister, a total failure. Muhyiddin was hoping to secure a continued overwhelming majority of the ruling party and consequently his continued government. This proportional representation system has led to the exclusion from parliament of all opposition parties formed after the July 1952 revolution, which further complicates Mubarak's position. He is now faced with the strong opposition of 58 members of parliament representing the Wafd and the Ikhwan (pre-revolution parties) and at the same time the even fiercer opposition of parties outside parliament and barred from it as a result of the 8 per cent law.

Muhyiddin's tinkering with the electoral system led to victory at the elections yet fate had been planning quite a different matter. A few days after the results were announced in early June and as Muhyiddin was preparing to enjoy the fruits of his victory by forming the new government, he died.

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SHORT-TERM LOAN MARKET TOUTED

London AL-HAWADITH in Arabic No 1439, 1 Jun 84 pp 59-60

[Interview with Nasim Saliba, chairman of the board of directors of the "Financial Company of Lebanon," by AL-HAWADITH; date and place not specified]

[Text] It was no secret that Nasim Saliba aspired to the chairmanship of the board of directors of the "Financial Company of Lebanon" which was established at the beginning of 1983. However, Saliba's membership in the bank control committee prevented that. So Rizallah Jinadri was elected "acting" president of the company until the time when it would be possible to choose Saliba for this financial company, the first of its kind in Lebanon, and which came as a result of coordination and cooperation between the Bank of Lebanon on the one hand and the Association of Lebanese Banks on the other.

In reality, since the company received its license on 4 May 1981, it has been expected that Saliba would be chairman. After Jinadri was elected chairman, Saliba was the "shadow" chairman who followed the operations of the company and the steps necessary for its establishment. Last 25 April, the company's general assembly convened and elected Nasim Saliba as chairman and general director of the board of directors after he had resigned from the bank control committee.

The "Financial Company of Lebanon" is the first of its kind: because it is expected to play a distinguished role with regard to developing the financial market, and because the continuation of financial activity in Lebanon in spite of all that has happened and is happening is a phenomenon which draws attention, "AL-HAWADITH" decided to discuss the subject of the company, its goals and manner of operation, as well as the challenges and difficulties with Nasim Saliba.

Saliba first spoke about the circumstances and establishment of the "Financial Company of Lebanon" saying: "It was well known that a developed financial market did not exist in Lebanon in the classical sense of the market concept. What was there was limited to an active banking industry possessing commercial deposits with banks which acted as brokers in attracting these deposits and investing them in short-term loan drafts. Doubtless before the events began, Lebanon was preparing to create a developed financial market based on the prominent regional role that it played in banking, financial and commercial fields. However, the events overtook these preparations, so they were postponed and are still waiting for the Lebanese war to end.

"However, the time spent waiting for stability grew long, and it became necessary to make a move, especially since the financial and monetary circumstances made it necessary to take this step and establish the "Financial Company of Lebanon." In reality, the circumstances that called for that were embodied in the fact that the Bank of Lebanon had for years and perhaps for the first time since it was founded been carrying out an active monetary policy made necessary by the circumstances of the war and the accompanying pressures on the exchange rate of the pound. While executing this policy, the Bank of Lebanon sensed shortcomings in some of the instruments for carrying out this policy. These feelings increased as the issuance of treasury bonds increased, especially short-term ones for developing the basic integrated structure of the financial market. Thus, with the cooperation of the Association of Banks, the company was founded in accordance with a license from the Bank of Lebanon (No 71, dated 4 May 1981). It was extended more than once, until the actual license was granted on 5 January 1983, and the first board of directors was elected. On 16 February, the company was placed on the list of financial establishments under the number 8. It has a capital of 10 million pounds divided into 100,000 shares each worth 100 pounds. It was paid for in full when subscribed to by 33 banks."

[Question] What are the stated aims of this company?

[Answer] The company basically aims at developing a financial market which will provide the instruments and means for creating opportunities for short-term and long-term investment. The first stage goal is to develop a short-term financial market which will lead to the development of a long-term financial market. If the first market does not prosper, it will be difficult to create the second one. Therefore, the basic task of the company at the moment is to create a valid market for short-term loans, which are now mainly represented by treasury bonds. After the treasury bonds are subscribed to by banks, establishments and individuals, then comes the role of the company to create a valid market able to guarantee the sale of these bonds before their maturity in the event liquidity is required by offering them in other areas with much liquidity. If we pass this stage, it will be possible to create new instruments for the short-term market, such as certificates of deposit and bank acceptances, etc. If that is achieved, we will have provided a secure framework for the transfer of money from those who have a surplus to those who have a deficit, beginning with the state.

Actually, the creation of a secondary market for treasury bonds will bring basic benefits to the state, the banks, the Bank of Lebanon, and individuals.

With respect to the state, the role of the company in the first market is to encourage subscription to treasury bonds, in view of the fact that providing opportunities for liquidation encourages subscribers to invest their surpluses in treasury bonds, and provides money for the state that has less of an inflationary impact than if it had resorted to borrowing money from the Bank of Lebanon directly.

With respect to the banks, the company guarantees them liquidity any time they want. It follows that it helps them to administer their surplusses more intelligently and in a way that brings better returns. If a certain bank has a monetary surplus, it can invest it in treasury bonds for 3 to 6 months with a profitable rate of interest, and it will approach this investment with greater enthusiasm when it realizes that it will be able to liquidate the bonds in the event it needs liquidity before the bonds mature. Through the company, this bank will be able to invest any surplus it has before the date of issue.

With respect to the Bank of Lebanon, the company complements the aims of its monetary policy, for the more advanced the financial market is, the more effective is the monetary policy, the main reason being that banks, in the presence of the company, maintain a smaller margin of liquidity than is possible for the Bank of Lebanon to constantly control. It has been established that the Bank of Lebanon's resorting to absorbing the liquidity by selling dollars is not enough; rather, it is necessary to resort to treasury bonds. Thus, by virtue of the company, the Bank of Lebanon has acquired a new instrument for securing the open market which allows the buying and selling of bonds in the secondary market. If it wants to absorb the liquidity, it intervenes through the company to sell bonds; and if it wants to release liquidity, it resorts to buying bonds.

With respect to individuals, the company offers them the means whereby they can invest their surplusses. This investment has three characteristics, which are: profitable return, easy liquidation with a slight profit or loss, absence of risks. Without a doubt, attracting individuals' surplusses strengthens savings and enables the state to finance its projects.

[Question] If these are the goals, what will be the manner of operation?

[Answer] The company's capital is limited, but the size of its operations is large, and could be larger because all its operations are the result of safe and secured instruments of debt which do not comprise any risk. The only danger is a big change in the interest rate, which could affect the operations of the company positively or negatively. The company deals in the first stage with treasury bonds while developing new instruments. The company is able to create a portfolio 60 times its capital or more, which helps it to create a marketable stock and to respond to the demands of the interest holders.

For that purpose the company depends on short loans which are for the most part "according to demand", or from day to day. The banks do not benefit from them, so the company makes use of them for investing in treasury bonds.

The company also acts as a broker between the banks in the buying and selling of bonds, however the basic profit continues to come from their retention in a bond center.

[Question] But why could not any other financial company do this job?

[Answer] The ordinary company could do this job, but within limits, for if its available funds are exhausted, it stops. But the "Financial Company of Lebanon" possesses a special characteristic, in that it has been given strong facilitations by the Bank of Lebanon, though it does not resort to them except in cases of need. In exchange for these facilitations, there was the condition that the Bank of Lebanon give its approval for the president of the company's board of directors, in view of the fact that it is a market that complements its aims and is in harmony with its monetary policy, and in view of the fact it is a company which in practice benefits the public, even though it is a private, profit-making company.

Since the company is well acquainted with the treasury bond market and with buying and selling them in the secondary market, this will lead to the creation of a healthy interest market, especially between banks. Doubtless this market will in practice lead to the formation of other market interests. Currently there is a gap between the interest on bonds and the interest between banks as a result of the absence of an open market. When the means for liquidity is provided the two interest rates will approach each other. That will lead to the formation of a daily fixed price for treasury bonds which will be presented to the public in the same way that the foreign currency exchange rates are. For that purpose, the company will enter the discount market as a broker, and it hopes thereby to organize this market by placing in it respected and healthy assets.

However, the success of the company will depend on a number of conditions and requirements, some of which are:

Support from and coordination with all concerned parties - the state and the Bank of Lebanon.

A strong administration - its basic elements have been provided - an exceptionally efficient technical apparatus, and expertise, which we are in the process of acquiring.

A quick and easy communications system, which the company is trying to get to facilitate communications with the banks.

Drafting of a clear financial and monetary policy containing any inflationary tendency with the preservation of the value of the pound .. for it is not possible for an individual or establishment to invest surplusses when the value of the pound is going down.

Even so, security is the essential challenge that the exchange rate of the pound faces. The company waited a long time for the security situation to stabilize, but that did not happen, so it decided to continue to carry on like others within the present given circumstances, and to develop according to an improvement in the security situation. Here we build and do not tear down; we work and do not destroy. We look forward with confidence and hope to the appearance of a unified Lebanon qualified to play a distinguished financial role in the region.

[Table]

List of banks [and commercial establishments] holding shares in the
"Finance Company of Lebanon"

<u>Name</u>	<u>Number of shares</u>
1 - Banque Industrie & Travail	5000
2 - Fransa Bank	2500
3 - Banque Audi	5000
4 - Banque Libanaise pour le Commerce	2500
5 - Banque Jammal	5000
6 - Investment and Finance Bank SAL	2500
7 - Bank of Beirut	2500
8 - Banque Nationale de Paris	2500
9 - Universal Bank	2500
10 - The Arab Libyan Tunisian Bank	5000
11 - The British Bank of the Middle East	2500
12 - Banque du Liban & d'Outre Mer	2500
13 - Banque Saradar	2500
14 - Credit Commercial de France	2500
15 - Globe	2499
16 - Mebco	5000
17 - Trans-Orient Bank	2500
18 - Banque Credit Libanaise	2500
19 - The Lebanese European Public Banking Co.	2500
20 - Banque Credit Populaire	5000
21 - Banque G Trad-Credit Lyonnais SAL	2500
22 - The Arab African International Bank	2500
23 - Banque Mediterranee	2500
24 - Banque Beyrough pour le Commerce	2500
25 - Bank of Beirut and the Arab Countries	2500
26 - Capital Trust	2500
27 - The Lebanese Banking Corporation	2500
28 - Arab Bank Limited	2500
29 - Banque Libano-Francaise	5000
30 - Banque Mashrek	2500
31 - The New Corporation of Syria	2500
32 - Byblos Bank	2500
33 - The United Bank of Saudi Arabia and Lebanon	2500
34 - Nasim Saliba	1

12547

CSO: 4404/524

SYRIA

BRIEFS

KHADDAM MEDIATION TRIP--Informed sources confirm that the Syrian President Hafiz al-Asad was not satisfied with the results of the visit which Vice President 'Abd-al-Halim Khaddam made recently to Tehran. These sources indicate that at the same time, the Syrian president is facing Arab and Soviet pressures to make an effort on his part to pressure Iran not to escalate the war in the Gulf. These same sources indicate that the Syrian president may soon send Col Muhammad al-Khuli on a special mission to Tehran. [Text] [London AL-TADAMUN in Arabic No 60, 2 Jun 84 p 6] 12547

CSO: 4404/524

DUBAYY FOREIGN TRADE RECOVERY

Dubayy AL-BAYAN in Arabic 15 Jun 84 p 2

[Article by Husayn Anwar: "Despite Increasingly Tense Situation in Gulf, Dubayy's Foreign Trade Shows Strong Recovery in Past Weeks; 19 Percent Increase in Exports, No Increase in Shipping Fees"]

[Text] During the past 3 weeks, foreign trade activity in Dubayy has witnessed a strong recovery in all spheres, despite approximately a month of increased tension in the Gulf area. Responsible sources announced that import-export activity and reexportation through Dubayy ports was not affected at all by events in the Gulf and that reexportation to neighboring countries, India, Pakistan and the east coast of Africa is still at the same high level, and in fact increased during this period.

Hamid ibn Dhiban, director of al-Hamriyah port, said that increased activity during this period was attributable to two things: one, the distance of navigational lanes for commercial and traditional ships which use the port from the danger zones, and two, the month of Ramadhan, one of the most important seasons for trade activity in the area fell during this period. In fact, this was the reason for the increased numbers and volume of trade contrary to all expectations. Huge amounts of foodstuffs, goats, meats and various other products were imported and reexported.

He pointed out that the port and bay have recently begun to witness "vertical expansion," with ships anchoring side by side in rows of five toward the sea, particularly after all piers were filled with ships with capacities ranging between 100 and 450 tons on the average.

In this sphere, sources in the Dubayy Chamber of Commerce and Industry, which is responsible for granting certificates of origin for export and reexport from Dubayy, confirmed that activity had actually increased recently, with 4258 certificates authorized in May 1984, compared to 3998 certificates in May 1983 and 3971 in May 1982.

Ahmad al-Bana, director of the registration and commercial transactions department in the Dubayy Chamber of Commerce, said that activity during May 1984 jumped by 19 percent compared with April, when 3589 certificates were granted, and 30 percent compared with the beginning of the year, when 3290 certificates of origin were granted for the entire month of January.

From another aspect, Hamid ibn Dhiban, director of al-Hamriyah port and official in charge of Dubayy bay, denied rumors of an increase in maritime shipping fees from Dubayy through the Gulf, confirming that no changes had occurred recently in prices or fees. He also said that average activity in the port reaches about 520 ships arriving and departing, allowing for ships as large as 2400 tons to be handled. He pointed out that the method of handling ships and direct offloading between sea and land carriers is Dubayy's trademark and gives foreign trade between Dubayy and other countries special dimensions which are linked historically with Dubayy's economic resurgence from the days of the pearl industry and which reflect upon its economic relations with the neighboring Gulf countries to link it with other countries in Asia and East Africa.

9882

CSO: 4404/520

SEVERAL BILLION DIRHAMS SPENT ON FEDERAL PROJECTS

Dubayy AL-BAYAN in Arabic 13 Jun 84 p 2

[Article by 'Ali Lashin: "15.5 Billion Dirhams Authorized for Federal Projects over 12 Years with 51 Percent Implementation Rate"]

[Text] Authorizations earmarked by the government for federal projects over the 12-year history of the federation amounted to 15,457,500,000 dirhams. Actual expenditures from these authorizations were 7,979,600,000 dirhams, an implementation rate of 51 percent.

A recent report from the Ministry of Planning referred to the development of authorizations from 1972 to 1983, saying that authorizations for 1972 were 41.9 million dirhams, with expenditures of only 12.2 million, or 29 percent. In 1973, authorizations rose to 178.1 million dirhams with expenditures of 70.3 million, or 39 percent.

In 1974, authorizations increased by 78 percent, reaching 316.8 million dirhams, and expenditures for that year amounted to 162.3 million dirhams, or 51 percent. Authorizations then tripled in 1975 to 929.4 million dirhams, and expenditures for the same year were 326.6 million dirhams, or 35 percent.

Authorizations continued to rise in 1976 by 89 percent to reach 1,757,900,000, while expenditures amounted to 698.7 million dirhams, or 40 percent.

Authorizations decreased by 22 percent in 1977 to 1,366,500,000, and expenditures for that year were only 359.6 million dirhams, or 26.3 percent.

Authorizations resumed their growth in the following year, 1978, increasing by 19.3 percent to 1.6 billion dirhams, and actual expenditures amounted to 496.3 million dirhams, or 31 percent.

Authorizations dropped in 1979 by 28.5 percent to 1,154,000,000 dirhams with expenditures of 609 million dirhams, or 53 percent.

Authorizations grew once again in 1980 by 41 percent to 1,952,100,000 dirhams, with expenditures that year of 994.9 million dirhams, or 51 percent.

Authorizations continued to grow, increasing in 1981 by 31 percent to 2,560,500,000 dirhams, with actual expenditures that year of 1,263,800,000, or 49 percent.

After this, authorizations began to decline, decreasing in 1982 by 24 percent to 1,950,300,000 dirhams, although expenditures that year rose to 1,688,700,000, or 85.56 percent.

The decline in authorizations continued, decreasing in 1983 by 15 percent to 1.65 million dirhams, accompanied by an increase in actual expenditures, which amounted to 1,317,200,000 dirhams, or 79.83 percent.

9882

CSO: 4404/520

BANKS INCREASE FINANCING FOR BUILDING PROJECTS

Dubayy AL-BAYAN in Arabic 14 Jun 84 p 2

[Article: "Chamber of Commerce Study: 13.4 Billion Dirhams for Infrastructure Projects in Dubayy; 33 Percent Annual Increase in Bank Financing for Construction"]

[Text] Total investment by Dubayy in infrastructure projects from 1968 to 1983 was approximately 13,430,400,000 dirhams and included projects for ports and harbors, the international airport, the dry dock, roads, bridges and the health services sector.

In a study of building and construction in Dubayy, the Dubayy Chamber of Commerce and Industry emphasized that the completion of large infrastructure and other types of projects was by all standards unique and used all available resources to become a tangible fact. The projects being carried out now are an extension of these efforts and confirm that Dubayy relies on scientific planning methods and follows the intelligent economic policies it has adopted to reach economic maturity. These economic policies have given Dubayy the ability to interact and deal with local and international economic conditions.

The study said that building and construction activity, which began in the early seventies, was afflicted by several extrinsic circumstances, recognized by all who are well versed in the economies of the region, since Dubayy has always been the trade and economic focus for the countries of the region. Implementation of these projects was accompanied by economic activity in the trade and industry sectors, the banking and finance sectors and the transport, moving building and construction sectors. During this period, there was a sharp increase in the number of newcomers to Dubayy, with the number of residents growing from 50,000 in 1970 to 100,000 in 1975 and jumping to 278,000 in 1980, according to the census conducted by the Ministry of Planning.

The study said that economic activity in general and the building and construction sector in particular have gone through three clear-cut stages: a period of planning, a period of intensive government expenditure (which lasted from the beginning of 1968 to 1978), and a stage of natural growth between 1980 and 1983.

Total investment in the most important infrastructure projects from 1968 to 1979 was approximately 11,847,500,000 dirhams and included ports and harbors, the international airport and the dry dock. The cost of these installations was approximately 10,331,800,000 dirhams. Also included were roads and bridges, which cost approximately 978.9 million dirhams, and hospitals and health services, at a cost of approximately 536.8 million dirhams.

Capital investments in these projects gave a strong impetus to the emirate's economy, with increased activity among support facilities and increased numbers of companies in the contracting field--from 1975 to 1979, approximately 237 engineering companies were licensed in contracting, building, electrical work, laying foundations and equipment.

The Chamber of Commerce stressed that most public utility and infrastructure work was completed by the end of 1980 and, therefore, the following stage was one of natural growth in building and construction with the introduction of certain commercial and housing projects, projects to expand previously completed installations and maintenance work on projects completed during the first stage. Even though activity in the final stage cannot be compared to that of the previous one (1968-1979), it is a very important stage that has afforded national building companies extensive opportunity to work in accordance with the volume and technical nature of the work required.

Total investments for the stage from 1980 to 1983 were approximately 1,582,800,000 dirhams and included road, bridge and tunnel projects which accounted for 1,127,400,000 dirhams, or 71.2 percent. The remainder of the projects had contract costs of approximately 455.4 million dirhams--18.1 percent for hospitals and health services and 10.7 percent for port and harbor projects. This stage included new projects and expansion and maintenance of certain existing projects.

Government projects supervised by the municipality also help spur the building and construction sector, with the period from 1980 to 1983 witnessing great activity in implementing several construction projects in the government sector, including low-cost housing, markets, internal roads and on-going beautification, restoration and expansion programs.

We should point out that bank financing for the construction sector in Dubayy began to grow rapidly from 1975 to 1983, increasing from 1,408,800,000 dirhams in December 1976 to approximately 5,163,000,000 dirhams in December 1983, an average annual increase of 33.3 percent. Construction of buildings accounted for the lion's share of total bank financing for the building sector, and the portion of bank financing received by the building sector out of total credit given to all sectors in Dubayy grew at a measured pace, from 15.7 percent in December of 1975 to approximately 21.3 percent in December 1983.

AGREEMENTS SIGNED WITH YAR FOR DAM, HOUSING PROJECTS

Doha AL-RAYAH in Arabic 14 Jul 84 p 4

[Article: "Agreements Signed Between Abu Dhabi and Sanaa For Rebuilding The Ma'rib Dam and Construction in Dhamar"]

[Text] Ta'izz, Sanaa, Manama, News Agencies--Shaykh Surur ibn Muhammad Al Nuhayyan, chamberlain of the Presidential Court of the United Arab Emirates, left Ta'izz yesterday after a 3-day visit to the Yemen Arab Republic.

During his visit Shaykh Surur delivered a message from His Highness Shaykh Zayid ibn Sultan Al Nuhayyan, president of the UAE, to 'Ali 'Abdallah Salih, president of the YAR, concerning bilateral relations and the existing cooperation between the two countries.

The Gulf News Agency indicated that the day before yesterday in Sanaa, two agreements worth \$86 million were concluded, one to construct the Ma'rib dam 120 km meters east of the capital, the other to build more than 500 houses in Dhamar approximately 100 kilometers south of the capital of North Yemen.

Three parties participated in signing the contract for the first project: the development fund in Abu Dhabi, which provided \$75 million for the construction of the dam; the Turkish Dogus company, which is responsible for the implementation of the project; and the North Yemeni Ministry of Agriculture.

The Ma'rib dam project, which will take 38 months to complete, aims to increase the cultivated land area from 2,300 hectares to 9,393 hectares and to protect it from flooding and inundation. The Ma'rib dam will be built a few kilometers from the first huge Ma'rib dam which was built by the Queen of Sheba and destroyed by floods in the 6th century B.C.

As for the second special project to build 525 houses in the Dhamar region, which was leveled in August 1981 by a powerful earthquake, His Highness Shaykh Zayid ibn Sultan Al Nuhayyan, president of the UAE, and Shaykhah Fatimah donated \$11 million toward its completion.

The news agency added that the Abu Dhabi fund will supervise the economics of this project which will take 18 months to complete. Shaykh Zayid is taking a personal interest in development projects in this country, as he has also completed the financing of the road leading to the dam at his own expense.

SOVIETS REPORTEDLY LACKING MORALE, DISCIPLINE, EFFECTIVENESS

Paris LE MONDE in French 27 Jun 84 p 6

[Article by Olivier Roy: "After its Spring Offensive: The Soviet Army Will be Able to Remain in Panjshir Only if it Increases its Numbers There"]

[Text] The offensive against the Panjshir Valley was the most important operation launched by the Soviets since the war in Afghanistan began. As rare as it is to get reliable news from the combat zones, it does nevertheless make it possible to get a fairly clear idea, basically, of the present situation: the Soviets now occupy one third of the Panjshir Valley, as far as the villages of Astana and Barak, as well as the lower Andarab Valley; the population of the Panjshir has left the valley; the principal leader of the resistance in the region, Maj Massoud, is alive, and the main part of his troops is intact.

The Soviet offensive was preceded by a year-long truce between Maj Massoud and the occupying forces, and today everything points to its having been taken advantage of by the resistance to reinforce their military and political forces throughout northeastern Afghanistan. Coinciding with a general hardening of Moscow's attitude, this was apparently what led the Soviet generals to decide that Massoud would have to be "broken."

The operations took place on several occasions, but reached their greatest magnitude in mid-April with the intervention of bombers operating at high altitude and spreading a carpet of bombs over the Panjshir. On 21 April, an armored column undertook to re-enter the Panjshir and Andarab valleys, while troops transported by helicopters, far behind Massoud, attempted to close the trap.

The armored vehicles having had no problem reaching the localities of Banu (in the Andarab) and Astana (in the Panjshir), the Soviets and the government forces attack the adjacent valleys. But it is at this point that the offensive takes a bad turn: Massoud's mobile groups counter-attack, the regular Afghan troops scatter, and the Soviets suffer heavy losses. They seem to be abandoning the adjacent valleys, in order to establish themselves solidly only in the lower Panjshir.

To draw up a balance sheet of these operations, it is necessary to know what were the objectives of the Soviets and what is Massoud's strategy. On the first point, it is unthinkable that the Soviets simply wanted to retake the Panjshir, because they could have done so at less cost. The Soviet army can move around everywhere an armored vehicle can go. Neither high-altitude bombing nor the

closing of the Anjoman pass nor the seizure of Khost-e-Fereng--afterward abandoned--was necessary in order to seize the "useful Panjshir." Occupying the territory goes back to a pre-Napoleonic strategy, and the Soviets are known to be passionately interested in our Little Corporal. So their objective was something else: to destroy, or at least to suffocate, the adversary's strong forces. But what did they obtain? A return to precisely the situation in the fall of 1982, on the eve of the truce. It was thus really a semi-failure for Moscow.

The Trap Avoided

How was Massoud able to avoid the trap? According to his confidential statements to a Frenchman who met with him in the Panjshir in November 1983, Massoud was aware of the broad outlines and the approximate date of the Soviet offensive, but he underestimated its magnitude. His plan was clear: to evacuate and leave the Panjshir, establish the guerrillas in the country's northeast quadrant while avoiding frontal battles, to bring all his effort to bear on the enemy's lines of communication, that is to say the Kabul-Termez axis. He was always aware that the valley of the Panjshir could be transformed into a trap; in any case, it no longer made sense to defend a "bastion." Beginning in November, Massoud started to proceed with the evacuation of the civilian population (about 30,000 persons left of the 100,000 in the valley before the war). In February, he evacuates his troops, keeping a curtain opposite the Soviet base in Anawa, at the mouth of the valley. On 20 April, the eve of the offensive, mobile troops entirely destroy a convoy at the foot of the Salang*. When the Soviets attack, there is almost no one in the Panjshir. Massoud is waiting for the Soviets to stretch out their lines of communications and disperse their forces for the counterattack.

Even though Massoud was taken by surprise by the methods that were used, he was able to fall back and preserve the major part of his forces. His problem is not the occupation of the Panjshir, which for 2 years had been considered inevitable, but rather the situation in the Andarab valley, where groups of Hezb-e Islamis have collaborated with the Soviets. In any case, a Massoud moving around the whole northeastern quadrant is more dangerous for the Soviets than if he had closed himself up in his Panjshir hideout. On the other hand, the closure of the supply routes is not an insurmountable problem, inasmuch as the very rusticity of the arms of the resistance renders it less dependent on an outside source of supply and inasmuch as other routes can be opened up, certainly longer but also more reliable; let us not forget that at the time of the truce, the Panjshir was receiving no more than six convoys per year. Finally, the structural weaknesses of the Soviet army are confirmed, despite some progress: centralization, slowness, ponderousness and the lack of mobile, swift commando units.

To Suffocate the Resistance

How was it that the Soviet offensive managed to be considered a victory? First, many observers do not know that in a guerrilla war, conquered terrain counts for less than the mobility of the troops. Next, there was under-estimation of the Afghan resistance, which, despite its defects, not the least of which was improvisation, showed its ability. Conversely, finally, there was an over-estimation of the Soviet army, concerning which people have trouble admitting that it

*The sequence was shown on Antenna 2 on 28 May on the noon news.

has neither the morale nor the discipline nor the effectiveness it is credited with by most Western military experts.

What are the Soviets going to do? For political reasons (they must not appear to be beating a retreat), they cannot withdraw from the Panjshir, which in itself is nevertheless of no strategic value from the moment its mouth is held (which the Soviets understood at the time of the truce). This is not the first time that propaganda considerations have brought with them a strategic error. If the Soviets want to hold the Panjshir, they must immobilize the thousands of men there, or keep there the best battalions of the Afghan army, which will be unusable elsewhere as a consequence. If they put the ordinary Afghan army there, the resisters will be back there before the winter. The same dilemma exists for the population: not to have it come back is to admit that the government is incapable of controlling it; to have it come back is to have the presence of resistance networks in the days that follow.

But one may be sure that the Soviet generals have drawn the purely military conclusions from the affair. As we have seen, the goal of the operation was not simply to clear the communication axes, but really to reduce and suffocate the resistance. But the Soviets did not utilize enough men to be able to accomplish a true blockade of the region. The supply routes of the resistance have now been reconstituted (by way of roads other than those used previously). To maintain the blockade on the roads already cut off and block new ones, more troops would be required. However the problem is approached, the Soviets stumble over the question of troop numbers. To maintain them at their present level is to refrain from destroying the strong forces of the resistance. In the race between consolidating the regime and unifying the resistance, it is dangerous for Moscow to confine itself to the wait-and-see strategy that prevailed up until the last offensive. The seventh offensive against the Panjshir really marked a turning point in the strategy of the Soviets, but they have not yet been given the methods of their new strategy. That cannot be postponed.

8946

CSO: 4619/63

COMMUNIST PAPER ALLEGES U.S. 'SCHEMING' IN BANGLADESH

New Delhi PATRIOT in English 1 Jul 84 p 7

[Text] General E M Ershad has asked the army commanders to join politics. He wants to hijack the Bangladesh Government by military power, though he would like to camouflage this operation in civilian, democratic garbs. His talk of elections, without conceding the opposition demand of withdrawal of martial law, is continuation of the deceptive exercise he began with the appointment of Ataur Rahman Khan as the country's Prime Minister. This step had caused a sensation in the political life of Bangladesh.

In 1956-1958, A R Khan was Chief Minister of East Pakistan, and in 1971-1973 he headed a coalition of parties opposed to the Awami League led by the founder of the nation Sheikh Mujibur Rahman, which at that time had won the elections in Bangladesh. A R Khan was for many years engaged in criticising the country's succeeding ruling regimes. Just one week prior to his appointment to the high office, this "veteran" politician was heaping invective on General Ershad, calling him the assassin of democracy. To win A R Khan over, General Ershad made him a big offer--the Premiership--which he could not possibly refuse.

A R Khan's appointment to the post of Prime Minister is a transparent hint as to what type of "democratic government" the country's current military regime and those who support it abroad would like to instal in Bangladesh.

The US administration is interested in setting up a "convenient democratic facade" in Bangladesh, provided it helps to reinforce Dhaka's pro-American orientation. This would make the regime seemingly stable and, what is most important, enable the US State Department to easily justify in the eyes of the public its plan to grant Dhaka an ever growing aid in a bid to wrest from it further foreign policy concessions.

Washington seeks to programme in advance further US-Bangladesh collaboration, including tie-up in the military field. By spreading reports about Dhaka's acceptance of and interest in military cooperation with the United States, Washington is increasingly driving General Ershad against the wall. The US strategists estimate that the reaction of Moscow and Delhi to his blatantly pro-American policies will leave General Ershad no other choice but totally surrender to the Americans. Unlike Bangladesh leaders who try to deny

collusion between Bangladesh and the US, the Americans, notwithstanding their official silence, are indulging in carefully planned information leaks. In a way, present US tactics are similar to those employed by it in 1971. At that time information about the dispatch of the US Seventh Fleet towards the coasts of Bangladesh had been leaked by the US embassies in Jakarta, Manila and Singapore. Now, news about a pact with the military regime of Bangladesh was "secretly leaked" via Islamabad. This was engineered shortly after US Deputy Assistant Secretary of State G Shaffer had conferred in Dhaka with US ambassadors to South Asian countries. The information leakage was intended to place Bangladesh in a tight spot, and ensure its participation in US strategic preparations. Washington is also concurrently lavishly complimenting General Ershad for his "pragmatic policy of democratization" inside the country and for his moderate (?) line in the international arena.

Washington's Bangladesh policy has a significant dimension. Domination at sea even in peace time remains one of the basic requirements of the US military strategy. Of late special emphasis has been placed on the improvement of the mobile basing system and on building up the auxiliary fleet with a view to precluding the risk of large warships, especially attack aircraft carriers, being hit while they remain anchored at naval bases. While at sea, whenever no drydock facilities are required, they are supplied and serviced by special groups of minor US Navy ships which operate out of small bases located on the oceanic periphery.

Technical questions involving the use of Chittagong, Chalna, Kutubdia, Mohnnpura and Saint Martin Islands for this purpose were ironed out at meetings of Dhaka's military leaders with the commander of the US armed forces in Western Pacific, D Loe. Final agreement on those questions is expected to be formalized later.

On the whole, the deal between the US and Bangladesh looks as follows. The US has promised to annually increase its economic aid to Bangladesh by 10-15 per cent (in 1985 it is to reach a 180 million dollar mark) and to promote Bangladesh's military build-up within the framework of specialized programme. These plans include deliveries of communications equipment and automatic firearms to the armed forces, highspeed patrol boats to the navy as well as the leasing for a 10-year period of an anti-submarine frigate and two patrol cruisers, and four Bell helicopters to the air force. In exchange for these deliveries the Americans are to receive an off-limits zone on the southwest edge of the Chittagong port area, located on the left bank of the Karnaphuli Reservoir. Equipped with mooring facilities designed to receive ships of the "frigate-cruiser" class, adequate mechanical facilities, communications and navigation equipment, as well as a fuel depot, equipment, material and food warehouses, that zone is to become the central outpost of the US Seventh Fleet in Bangladesh. Additional facilities designed mainly for R&R and the training of personnel are to be built in a picturesque area near Foye's Lake, located within Chittagong bounds and to the west of Chalna, next to the impassable jungle areas of Sundarban, as well as in Sylhet and Dinajpur--two northern regions bordering India. Electronic monitoring stations are to be set up there to keep watch on military installations deep inside India and China, located farther to the north.

Even if only half of the so far leaked information is confirmed, militarization of Bangladesh could turn out to be a highly risky venture for Gen Ershad's military regime. The crisis of confidence in it, which has been mounting in the last few months under pressure from domestic opposition, may grow even further and lead to totally unexpected results. Yet, it is Bangladesh's neighbours in the region who are, of course, most gravely concerned by all this renewed US scheming.

CSO: 4600/0008

PROTOCOL ON SOVIET ASSISTANCE TO COAL INDUSTRY SIGNED

New Delhi PATRIOT in English 24 Jun 84 p 2

[Text] **Moscow, June 23 (PTI)**—India and the Soviet Union have worked out a long-term programme to use Soviet technical assistance for developing the Indian coal industry in the light of Indian plans to raise coal production from the present 150 million tonnes to 400 million tonnes by the end of the century.

A protocol, signed here on Thursday by Mr S B Lal, secretary to the department of coal, and Mr V V Beliye, Soviet first Deputy Minister for Coal Industry, provides specifically for development of three coal mining projects which would add 22.5 million tonnes to the annual production capacity by 1990.

The projects are open-cast mining in the Jharia coal field block 5/6 in Bihar for producing 10 million tonnes of prime coking coal per year, under-ground mining at Sitanala also in the Jharia field for producing 2.5 million tonnes of prime coking coal, and open-cast mining in Mohern block of Singrauli coal fields in Madhya Pradesh for producing 10 million tonnes of power-grade non-coking coal.

The Soviet Union will also help in the preparation of a project report for Coal India Limited to set up an organisation for planning, designing and supervising construction of washeries in a big way in India, and cooperate in exploration and exploitation as well as gasification of coal.

In view of expanded Indo-Soviet cooperation in this field, Coal India Limited plans to open an office in Moscow.

The six-member team, led here by Mr Lal, included Mr M S Gujral, chairman of Coal India Limited. It visited open-cast mines in the Soviet Union and held discussions with Soviet experts.

CSO: 4600/1995

INDO-FRENCH PANEL MEETING ENDS, PROTOCOL SIGNED

New Delhi PATRIOT in English 24 Jun 84 p 2

[Text]

India and France have agreed that the public sector enterprises in both the countries should identify the purchases they could make and establish durable relationship for mutual friendship, reports UNI.

A protocol to this effect was signed on Wednesday at Paris by Union Minister for Commerce V P Singh and French Minister for Foreign Trade and Tourism Edith Cresson at the conclusion of the fourth session of the Indo-French joint committee for economic and technical cooperation.

The two countries resolved to work for sustained and balanced trade and enhance economic and commercial cooperation.

It was also agreed that the thrust that had of late been lent to exchange of visits of trade and business missions and delegations between the two countries needed to be further intensified.

During his visit to Paris for the joint committee meeting Mr V P Singh exchanged views on several important sectors of bilateral cooperation with French ministry of industry and research, economy, finance and budget, agriculture and foreign trade.

A special meeting of the leading businessmen and industrialists was convened on 19 June under the aegis of the CNPF (Federation of French Industries and Commerce) which in conjunction with Federation of Indian Chambers of Commerce and Industry (FICCI) has established a joint business council for furthering economic and industrial cooperation between France and India.

BBC ACCUSED OF WHIPPING UP SIKH EMOTIONS

Madras THE HINDU in English 26 Jun 84 p 9

[Article by Batuk Gathani]

[Text]

LONDON, June 25.

India appears to have been singled out for special treatment by BBC's external world news service. For example, this morning's BBC world service broadcast two stories on India — one in the world news and other in domestic British news. The first was about the Hindu-Muslim riots in Bombay where five persons were reported killed. The second story — on domestic news — was about the Sunday meeting of some 2,000 Sikhs in Gravesend. They passed resolutions to boycott Sikh individuals who "collaborated" with the Indian Government, and decided to boycott Indian banks and the national airline, Air India.

None of the stories warranted a mention in the British national press this morning. Even Sikhs in Britain — the majority of them — are unaware of the Gravesend meeting.

Estimates of Britain's Sikh population vary between two and three lakhs, of which only one-fifth — according to India House sources — are Indian passport holders. The Gravesend meeting would thus represent one or less than one per cent of coloured Britons of Sikh origin. Their decision to boycott Indian banks and Air India is neither here nor there, because revenue-wise it would comprise an insignificant portion of Indian banks' or Air India's revenue from their British operations.

The Bombay rioting has warranted headlines on the world newscast though both stories have been ignored by even more vociferously anti-Indian factions among British newspapers.

Balanced so far: Indian observers here agree that BBC's coverage so far of events in Punjab has been balanced and objective. But observers in private conversation accuse it of deliberately whipping up Sikh emotions by highlighting stories which may be insignificant from the point of view of other national media. The Sikh community in Britain remains deeply divided over its attitude to India and the Indian Government. The issue is still highly emotive and evokes wild passions on both sides of dividing fence in the Sikh community.

But slowly and surely as tempers cool, there is a desire to seek reconciliation by a vast majority of Sikh moderates in this country. A great deal in this matter will depend on developments in India and Delhi's attempts to come to terms with the realities of Sikh frustrations.

The Prime Minister, Mrs. Indira Gandhi's recent interviews on British Television have gone a long way to soothing Sikh feelings. But a minority is determined to ensure that there is not a healthy dialogue between Delhi and Sikh communities overseas. And in a quaint way they feel both inspired and encouraged by the attention they attract, from the British media, especially the BBC.

CSO: 4600/1999

POLITICIZATION OF ESTABLISHMENT CAUSES PROBLEMS

Madras THE HINDU in English 22 Jun 84 p 1

[Article by G. K. Reddy]

[Text] NEW DELHI, June 21--At a time when pressures are building up for Army withdrawal from the premises of the Golden Temple, the Government has been receiving some disquieting reports of veiled threats by the remnants of the extremists on the run that they would plunge Punjab into another orgy of violence soon.

Though these hard-pressed terrorists do not have the capacity to cause any serious trouble after the Army is withdrawn, they can still indulge in hit and run tactics as they did before to create panic and confusion.

It is for this reason that the Army is pressing forward with the combing operations in the countryside, and over 5,000 suspects have so far been arrested and are being interrogated to obtain vital clues for breaking their underground organisation. Despite the seizure of large quantities of arms and ammunition, the terrorists are left with enough weaponry to cause trouble by resorting to isolated acts of terrorism.

The Government is, therefore, extremely reluctant to make any commitments at this stage about the withdrawal of the army from the Golden Temple area as a gesture to the Sikh high priests to begin the repair and reconstruction of Akal Takht and other damaged buildings there.

There are also reassuring reports at the same time that neither Sikhs nor Hindus are itching for fight in Punjab, that both the communities would heave a sigh of relief if the Army is able to track down the remnants of the hard core terrorists still at large. The Indo-Pakistan border has been practically sealed and it would be extremely difficult for them to obtain any fresh supplies of arms and ammunition clandestinely for engaging in any prolonged campaign of terrorism.

Civil services demoralised: But the main worry of the Centre is how to reorganise the badly emoralised and run down machinery of the civil administration in Punjab to assume law and order responsibilities once the Army is withdrawn from the scene. The SBF and CRP which have been supplementing the Punjab

police are not trained to deal with isolated acts of terrorism, since they are primarily organised and equipped to quell disturbances.

The rapid decline in the quality of administration in Punjab is not an isolated development, but part of a deeper malaise affecting the whole country in different forms depending on local conditions. The services have been politicised over the years in the name of commitment with politicians playing favourites to make the bureaucracy subserve their interests. The rot which started at the highest level has inevitably spread down the line affecting in one form or the other the entire system of Government.

It is not, therefore, surprising at all if some civil servants, especially police officers, in Punjab are being accused of deliberately turning a blind eye at the activities of the extremists

Intelligence failure: The failure of intelligence is equally attributable to the politicisation of the establishment both at the Centre and in the State. The very organisation which failed so deplorably in keeping the Government fully informed of the gravity of the situation in Punjab is now swinging to the extreme of grossly exaggerating the dangers of large-scale violence if the Army is withdrawn soon.

The Prime Minister, Mrs. Indira Gandhi, and her advisers have to take serious note of all such reports, whether these are reliable or not, since they cannot afford to ignore them.

The crisis management team in Delhi which is now handling the Punjab situation is getting bogged down in a maze of contradictory advice that is being received from various sources, with some pressing for quick moves to placate Sikh opinion and others cautioning against any hasty gestures which might be counter-productive in the long run. And some imaginative decisions have to be taken soon on what to do next, without adopting rigid postures or appearing to be insensitive to Sikh sentiments.

CSO: 4600/1990

ANALYST NOTES PURPOSE OF, DELAY IN PUNJAB WHITE PAPER

Madras THE HINDU in English 26 Jun 84 p 1

[Article by G. K. Reddy]

[Text] NEW DELHI, June 25--The Prime Minister, Mrs. Indira Gandhi, called a full Cabinet meeting today to get formal approval of the long-awaited White Paper on Punjab, indicating the extremists for indulging in senseless violence. The Ministers were given copies of the White Paper yesterday.

The White Paper, running to more than 100 typed pages along with the appendices, does not make any startling disclosures. It merely narrates the events of the last three years in their proper sequence and draws, the conclusions about the culpability of the moderate Akali leaders who had wittingly or unwittingly played into the hands of the extremists, quite unmindful of the grave consequences.

It seeks to prove that the Akalis were not really keen on a settlement, since they were more interested in creating an atmosphere of crisis and confrontation to derive some political benefit. The extremists led by Jarnail Singh Bhindranwale had exploited fully the situation to gain control of the agitation by resorting to terrorism and waging war against the State.

Main purpose: The main purpose of publishing the White Paper, it is explained, is to piece together the known information, adding some new details to fill the gaps, to present a well documented indictment of the extremists without disclosing any vital security information. There are references to the foreign links of these extremists, but no countries are being named, nor any details furnished of how they managed to build up such a formidable arsenal of modern weapons in the Golden Temple complex which left the Government with no other alternative but to order an Army operation.

But the inordinate delay in issuing the White Paper has deprived it of much of its importance, especially after the Home Ministry put out the substance of the Government's case in an exhaustive press release within a week of the army action. It should have been issued much earlier, when the disclosure of some new information in the possession of the Government would have made all the difference in convincing the Sikh community that Mrs. Gandhi had to call the Army to deal with this critical situation.

Govt's indecision: The delay has occurred partly because the Government could not make up its mind about how far to go in indicting the Akali leadership and how much sensitive information should be disclosed for exposing the seditious aspects of the agitation that had assumed the dimensions of a secessionist movement under the spell of Bhindranwale's brand of fundamentalism. The Home Ministry's original draft of the White Paper was so verbose and voluble that the Prime Minister had to constitute a small committee of senior officials to condense, rewrite and polish the language to make it more readable.

One of the major drawbacks in a White Paper of this kind is that, in attempting to pinpoint the responsibility for all that has happened on those who have propagated or indulged in violence, the Government tends to adopt a defensive attitude over its own inadequacies. No less a person than the President himself has spoken of the lapses of the Punjab Administration and the Army has been openly talking about the failure of intelligence.

New suggestions: The very process of discussing the contents of the White Paper at the Cabinet meeting involved inevitably a review of the Punjab situation. The new suggestions that emerged from this discussion had to be incorporated in the draft and the senior officials who had finalised it were summoned to provide the necessary clarifications. The meeting went on for more than two and half hours with no hint at all as to when the White Paper is going to be issued.

CSO: 4600/1999

LOK DAL PRESIDENT URGES OPPOSITION MERGER

Calcutta THE STATESMAN in English 26 Jun 84 p 7

[Text] HARDWAR, June 25--Mr Charan Singh, Lok Dal president, has said that only an outright merger of all like-minded democratic parties could bring about Opposition unity and the evolution of a new "national alternative" [to] the ruling Congress (I), reports PTI.

He told a Press conference here yesterday that any "hotch-potch", arrangement or adjustment of seats or loose alliance among them without merger was bound to fail again as it happened in the case of the united Janata Party.

Such a merger should materialize before the coming Lok Sabha election, he said.

Asked if he had any proposal to solve the leadership issue and whether he proposed to take further initiative towards merger, he replied that he never wanted to impose himself as a leader. It was not he who had broken up the Janata Party in 1980, as was alleged by some of his critics.

He said that without a common policy, a common leader and one party, Opposition unity could not last. He had conveyed this view to Jayaprakash Narayan in 1977, but the latter had told him there was not time then for bringing about a merger of various parties.

He said he did not want to be the leader of any new "national alternative" or the Prime Minister. But he questioned which other Opposition leader at present could rally the people against Mrs Gandhi's "misrule." He did not, however, specify whether he could be that leader.

CSO: 4600/1998

PARLIAMENTARY GROUP ASKS REVIEW OF TIES WITH PAKISTAN

Calcutta THE STATESMAN in English 28 Jun 84 pp 1, 9

[Text] NEW DELHI, June 27--The focus at today's meeting of the Parliamentary Consultative Committee of the Ministry of External Affairs was on Indo-Pakistani relations, with angry members demanding that in view of the alleged Pakistani role in relation to the Punjab crisis, bilateral relations needed to be reviewed.

What obviously had annoyed the members was the high-pitched anti-India campaign by the Pakistani media, in the wake of the anti-terrorist campaign by the Government in Punjab.

In the course of the discussion, a member went to the extent of suggesting that the Information Minister, Mr Bhagat, cancel his visit to Islamabad, scheduled from July 7, and make it known to the authorities there that India strongly disapproved of the sinister campaign being carried on by the official and the Government--controlled unofficial media in that country.

The reported intrusion by Pakistani troops in the Nubra valley, in Ladakh: the reports about the imminence of a Pakistani nuclear weapons capability and the alleged involvement of that country in the happenings in Punjab all put together, appeared for a moment to have given the meeting the look of a detailed review of bilateral relations. That, though, was not exactly the case.

The External Affairs Minister, Mr Narasimha Rao, shared the general concern over some of the points raised. He told the members that the Government had taken note of the reports about Chinese help to Pakistan in the nuclear field and a close watch was being kept on it.

Regarding the exchange of fire between Pakistani and Indian troops in the Nubra valley when the former tried to dislodge an Indian outpost, the members were told that further details would be made available to them.

Members were also told that efforts to improve contacts with Indian communities abroad and to project authentic information about India through Indian missions had stepped up. Film and video material were being distributed systematically, "and with good results". This was obviously in reply to members' complaints that the country's image was being tarnished by certain elements following the happenings in Punjab.

On the related question of the defection by an Indian diplomat, Mr Harinder Singh, in Oslo, the members were told that it was unfortunate that a member of the Indian Foreign Service should defect. The position had been explained to the Norwegian authorities, who had been informed that the former diplomat, although dismissed from service after his defection, suffered from no disabilities and could return to the country. Mr Harinder Singh has sought political refuge in Norway.

The President of Sri Lanka, Mr Junius R. Jayewardene, is expected here in three days time. The members were told by the External Affairs Minister that it would not be right to go into the Tamils issue on the eve of the discussions with Mr Jayewardene. The Minister of National Security of that country, Mr Rao informed members, was arriving here later tonight for preparatory talks.

Members also expressed concern over the repeated postponement of the U.N. conference on the Indian Ocean as a zone of peace, to be held in Colombo. The Minister reiterated the Government's interest in the conference, but said there was no certainty that it would be held, despite the deadline fixed by the U.N. for the convening of the meeting.

Mr Rao said in reply to questions by members that the visit here of the American Vice-President, Mr George Bush, was essentially in the nature of goodwill visit, which had given an opportunity to the leaders of the two countries to hold an extensive exchange of views on matters of mutual interest. Both sides had been able to state their positions on various issues.

Some of the other issues raised at the meeting related to the six-nation appeal for peace by world leaders, initiated by Mrs Gandhi as chairperson of the non-aligned movement; events in Central America and the Foreign Ministers Indonesian visit.

PTI adds from Islamabad: The Pakistan Defence Minister, Mir Ali Ahmad Talpur, has said that Pakistan does not like to interfere in the internal affairs of other countries, but the action in Amritsar could have been avoided by disconnecting the water and power supply and cordoning off the Golden Temple. He also accused India of interfering in the internal affairs of Pakistan.

CSO: 4600/1002

ANALYST WRITES ON RESIGNATIONS OF PUNJAB OFFICIALS

Madras THE HINDU in English 30 Jun 84 p 1

[Article by G. K. Reddy]

[Text] NEW DELHI, June 29--The Governor of Punjab, Mr. B. D. Pande, and the Inspector General of Police, Mr. P. S. Bhinder, have resigned following the Centre's decision to revamp completely both the civil and police administration in the State.

The resignation letter of Mr. Pande, received in Delhi this morning through a special courier, was immediately accepted.

Along with the appointment of a new Governor, the Government proposes to install many new officials in key positions as a starting point for a thorough overhaul of the administration from the State secretariat down to the district levels to weed out the undesirable elements who have come in for adverse notice.

Reorganisation Panel

The Centre is setting up a high level committee of experts to plan and supervise this reorganisation of the Punjab administration to make it an effective instrument for the maintenance of law and order and a proper nucleus for the development of the State. The feeling in Delhi is that complete normality cannot be restored in Punjab until the administration regains the confidence of the people.

The Army action in Punjab for putting down terrorism constituted the first phase of this operation. The second phase that has just begun is intended to clean up both the civil and police administrations by getting rid of undesirable elements of doubtful loyalty and integrity who are either incompetent or biased in their attitudes.

It is sad that a highly respected and a very able administrator like Mr. B. D. Pande, who served as Cabinet Secretary at the Centre, has to bear the cross for the failures of the Punjab Government. After a spell as Governor of West Bengal, he was transferred to Punjab at the height of the Akali agitation when the State was brought under President's rule.

Ordeal

It would have been a difficult task even in more normal circumstances, but became an impossible ordeal in the face of very grave developments. He was thus placed in an extremely unenviable position with his advisers badly divided and working at cross-purposes and the whole administration either demoralised totally or turning a blind eye to the terrible happenings in Punjab by pleading helplessness or adopting a policy of least resistance.

But an administrative shake-up by itself cannot salvage Punjab from its present trauma if no parallel effort is made to clean up the political stables in the State. Party politics in Punjab has become so very rotten that unless there is a simultaneous improvement in the quality of public life, the State cannot be salvaged from the present morass with mere administrative changes.

Those in authority in Delhi are not unaware of this painful reality, but there is no evidence of a matching determination to follow up the military action with imaginative political moves to demonstrate the Centre's intention to heal the wounds and erase the scars from the minds of the people.

New Governor

According to a PTI report from Chandigarh, Mr. K. T. Satarawala, Lt. Governor of Goa, is being appointed Governor of Punjab and Mr. K. S. Dhilon, Joint Director General of Punjab Police.

UNI reports:

An official spokesman clarified here this evening that the Government had accepted Mr. Bhinder's request for being relieved of his present assignment to "induct a new team at the top of the administrative levels in the State."

"He (Mr. Bhinder) has not resigned (from service)," the spokesman said, adding that Mr. Bhinder's services "are being placed back at the disposal of the Central Government."

CSO: 4600/0004

KASHMIR DEVELOPMENTS CAUSE CONCERN IN DELHI

Madras THE HINDU in English 30 Jun 84 p 1

[Text] NEW DELHI, June 29--Some extremists have crossed over to Pakistan from the Poonch area of Jammu and Kashmir, according to the Centre. As a result, patrolling and other security measures have been intensified along the border.

This is one of the several factors among developments in the State which is causing concern to the Centre. Equally disturbing is the evidence that the State Government was soft towards anti-national elements, and had allowed Sikh extremists to hold arms training camps under the garb of religious functions.

These issues were discussed when the State Governor, Mr. Jagmohan, discussed the situation in Delhi with the Union Home Minister, Mr. P. C. Sethi, and others. The State administration was told to take immediate remedial measures.

Another source of worry is the evidence of pro-Pakistan elements having exploited the Punjab situation and joined hands with Sikh terrorists. That accounted for the intensity of protests in Jammu and Kashmir over the developments in Punjab, according to the Centre.

BJP statement: Attention to the "undeclared connection" between the anti-national elements of Punjab and Jammu and Kashmir has also been drawn by the BJP. In a statement, the party general secretary, Mr. V. K. Malhotra says, "It is tragic that though Dr. Farooq Abdullah declares loyalty to India, his anti-Indian forces have become active during his regime. They have made common cause with Bhindranwale sympathisers and taken out joint processions raising pro-Pakistan and anti-India slogans, attacked Hindu establishments, looted and damaged their property, burnt and destroyed their religious places".

The State Government, according to him, has dealt with these elements as an ordinary law and order problem, but "the unholy combination of terrorists and anti-national forces needs to be crushed with a strong hand".

Our Srinagar Correspondent writes:

Farooq in conference: The State's Chief Minister, Dr. Farooq Abdullah has been engaged in consultations with cabinet colleagues as well as top leaders of his

ruling National Conference party. The discussions centred on the future line of action to be adopted if the Centre decides to intervene.

Sources close to Dr. Abdullah said he started the talks on June 26 when Mr. Jagmohan was summoned to New Delhi for consultations on the law and order and political situation in Jammu and Kashmir.

According to informed sources, National Conference leaders here seem convinced that Mr. Jagmohan will order the dismissal of Dr. Abdullah's government and suspend the State Assembly where the National Conference has a majority.

However, party leaders have reportedly suggested that Dr. Abdullah force the Governor's hand by recommending the Assembly's dissolution.

CSO: 4600/0004

PUNJAB SHOWS NEED FOR CHANGE IN ARMY REGIMENTAL SYSTEM

Madras THE HINDU in English 24 Jun 84 p 2

[Article by G. K. Reddy]

[Text] THE Indian Army has been rightly hailed as the best example of the country's unity amidst diversity, an eloquent symbol of national integration. Its well-established traditions of discipline and dedication have stood the test of time both in war and peace, rising above the rut of caste and communal considerations. Its lofty sense of unquestioning loyalty to the Government of the day has enabled the Indian Army to remain totally immune to political influences and steer clear of controversies even in moments of bitter recrimination.

But in the aftermath of the Punjab crisis, the Army had to open fire on itself, as it were, perhaps for the first time after Independence, when some misguided Sikh soldiers deserted and indulged in mutinous behaviour under emotional strain. This unfortunate development has made many wonder whether the Army should adhere to the totally outdated caste and community based system of recruitment, training and regimental formation, or whether it should adopt an entirely secular approach to shed the religious and regional affiliations of its infantry battalions.

Old Nomenclature

In a change-resistant society like India, the Army brass has preferred to retain the regimental nomenclature of the British days as a matter of convenience. The political leadership too saw no reason to change the existing pattern despite frequent pleas in Parliament for a better integrated approach to bring together different communities and castes into the same regiments. But after what happened in the wake of the military action against the Sikh extremists holding the country to ransom from their entrenched positions in the Golden Temple complex, the Army will have to take a fresh look at its present regimental system.

There are altogether 20 such caste, community or region based regiments of heavy and light infantry in the Indian Army to which recruitment of jawans is done almost exclusively from the respective areas, and sects, although there is no such rigid compartmentalisation of the officer corps that commands them.

There are in addition some regiments like the Grenadiers, the Parachute Regiment and the Brigade of Guards which are open to all sections without distinction. Each regiment contains eight to 10 battalions of roughly 1,000 men each and these are grouped into brigades and divisions with a different mix to provide for a better integrated military establishment.

Separate Character

But the various infantry battalions retain their basic regimental character even when they serve as parts of larger formations, each one with its own battle cries, religious traditions, dietary habits and linguistic variations. It means that nearly one-fifth of the one-million strong Indian Army is recruited, trained and organised on regional or caste lines following the past practice, while the remaining four-fifth consists of mixed units because of their special operational requirements.

The 20-odd infantry regiments are named after the Sikhs, Jats, Dogras, Rajputs, Gurkhas, Marathas, Gharwalis, Kumaonis, Mahars and Nagas, besides the regional ones from Assam, Bihar, Punjab, Jammu and Kashmir and Tamil Nadu still bearing the name of Madras. These include two all-Sikh establishments, the Sikh Regiment and the Sikh Light Infantry, the first one consisting almost exclusively of Sikh Jats and the other one of Mazhabi Sikhs who were formerly Harijans. The two together contain about 20 highly-trained battalions which serve as a significant part of the strike force of the main Army divisions.

But the other Army units like the Artillery, Ordnance, and Armoured Corps, Engineering, Supply and Signal Corps, or medical, transport and intelligence units are mixed formations because of their specialised nature. The officers are recruited on an all-India basis without any caste, communal or regional considerations, although the Government has been trying to give some weightage to weaker sections to provide them with adequate representation. They live and work in a cosmopolitan atmosphere with a comradeship and esprit de corps of their own.

Young Recruits Swayed

It was not surprising, therefore, that the pernicious propaganda of the Bhindranwale cult had influenced some of the uneducated young recruits of the Sikh Regimental Centre at Ramgarh, which was the starting point for similar acts of indiscipline at other military stations by those who were swayed by grossly exaggerated reports of desecration and destruction of the Golden Temple complex during the military action. But the Sikh officers and men, who participated in the operation and were eye-witnesses to the fanaticism of the extremists, had no hesitation in storming their entrenched positions. The loyalty of the Sikh troops was not once in doubt in the course of these painful events, but the pattern of Army organisation exposed those in distant places to false propaganda and disinformation.

Legacy of the British

As an imperial power, the British Government in India not only encouraged communal politics to stem the tide of Indian nationalism, but also organised

the Army in a caste-based manner, categorising the Indian people into martial and non-martial classes to keep the educated sections out of the armed forces. It was only during the Second World War when the Indian Army was rapidly expanded from 2,00,000 to two millions that the military service was thrown open to all sections of people.

Till then it was treated as a close preserve of the few pampered castes and communities in the North with Punjab, the North-West frontier Province and Baluchistan providing the bulk of the recruits, while the so-called martial classes in other parts were given modest representation. When the British started recruiting a limited number of Indian officers as a token gesture, the Viceroy himself used to interview them before they were sent for training to Sandhurst. A high proportion of them belonged to the rich feudal families of the North known for their loyalty to Britain, although a few from the South were also chosen to give the appearance of a balanced selection.

The Indian Army now is a highly professional outfit with no class or caste preferences at least at the higher levels, although the past patterns of caste-based recruitment still continue at the lower levels. But after the recent experience, the Government can ill-afford to retain the present regimental system without suitable changes in its caste, communal or regional composition. One cannot reasonably expect the young Hindu, Sikh, Muslim or Christian recruits to remain totally immune to denominational influences if the priests attached to the regimental centres are expected to administer the oaths of loyalty in terms of their spiritual faiths, give them discourses on the valour of the heroes of their respective castes or engage in other forms of religious indoctrination.

The exemplary manner in which the Army has conducted itself in Punjab has certainly enhanced its reputation in the eyes of the people. No other Army would have displayed the kind of self-restraint suffering so many casualties--92 killed and 287 wounded--by using only minimal fire-power required for flushing out the few hundred terrorists entrenched in the Golden Temple.

Social Evils

But as a part and parcel of Indian society, the Army cannot totally isolate itself from the many social evils afflicting it. The sharp decline in the standards of political life and the quality of administration is bound to damage its morale, if the Army is allowed to retain even at the lower levels its present caste or region based structure. It is high time that the Ministry of Defence took a fresh look at this problem in the light of the recent experience, to ensure that such a thing does not happen again.

Inter-Caste Composition

If it is not possible or desirable to abandon the present regimental system altogether, the Army can at least transform the exclusive caste-based ones into mixed establishments. The Sikh, Jat and Dogra Regiments can have an inter-caste composition like the Assam, Bihar, Punjab and Madras Regiments. The policy should be to dilute progressively the caste composition, even if the present regimental names are going to be retained for historical reasons.

BRIEFS

PUNJAB POLICE CHIEF--NEW DELHI, July 1--Mr K. S. Dhillon, presently a joint director of the Central Bureau of Investigation, has been appointed the new Director-General of Police, Punjab, reports PTI. The orders of his appointment have been signed by the Union Home Secretary, Mr M. K. K. Wali. Mr Wali said that Mr P. S. Bhinder, who was relieved of his charge as the Inspector-General of Police (law and order), Punjab, has been reverted back to the Centre. No decision has so far been taken with regard to his new assignment, Mr Wali said. He said no decision has so far been taken about the appointment of a new Governor in place of Mr B. D. Pande whose resignation has been accepted. [Text] [Calcutta THE STATESMAN in English 2 Jul 84 p 1]

AIR CHIEF OF STAFF--NEW DELHI, July 1--Air Marshal L. M. Katre, at present chairman of the Hindustan Aeronautics, will be the next Chief of Air Staff, it was officially announced here today, reports PTI. Air Marshal Katre will take over from Air Chief Marshal Dilbagh Singh, who is retiring on September 4. He will hold the office with the substantive rank of Air Chief Marshal. [Text] [Calcutta THE STATESMAN in English 2 Jul 84 p 1]

SMUGGLERS ARRESTED--NEW DELHI, July 1--Customs and Foreign Exchange Enforcement authorities today launched a major drive to break up the organizational set-up and international links between smugglers and foreign exchange racketeers, arresting 124 people in a pre-dawn swoop, reports PTI. The Union Finance Minister, Mr Pranab Mukherjee, told a Press conference today that the raids, planned and coordinated by the Directorate of Revenue intelligence of his Ministry, were concentrated mainly in the west coast areas and in the Union Territory of Delhi. A hundred and seventy premises were raided and 124 people apprehended for detention under the Contravention of Foreign Exchange and Prevention of Smuggling Activities Act, he said. Those arrested include well-known names in the smuggling world like Haji Ismail, Soma Bhai Lalabhai alias Soma Lala, Nazir Dingmar, Izhar-ul-Haq Shaikh, Hussain Haji Hassan Thaim, Kishanlal Meghraj Soni, Vijay Champaklal Shah, Jiwan Dhamji Patel and Kanu Shaikh. [Text] [Calcutta THE STATESMAN in English 2 Jul 84 p 1]

SIKKIM PARTY MERGER--GANGTOK, June 20--The former Chief Minister, Kazi Lendup Dorji's party, the Sikkim United Council, has formally merged in the Congress (I), reports UNI. Welcoming the merger, the State Congress (I) president said the timely action of Mr Dorji would strengthen the organization. This would also help regional and communal activities in the State, he said. The State

party chief called upon all nationalist forces in the State to help the organization fight corruption, regionalism and communalism and to strengthen the national integration. [Text] [Calcutta THE STATESMAN in English 21 Jun 84 p 11]

DEFENSE TEAM TO MOSCOW--A high-level Defence delegation has gone to Moscow to negotiate with the Soviet Union the indigenous manufacture of a wide range of sophisticated military equipment and components, including the licensed production of a modern fighter aircraft, reports UNI. The delegation is headed by Hindustan Aeronautics Limited (HAL) chairman Air Marshal I. M Katre, and includes design experts and Defence scientists, official sources said. [Text] [New Delhi PATRIOT in English 2 Jul 84 p 5]

AID FROM JAPAN--Japan will extend a 373.6 billion yen concessional credit to India in 1984-85 as part of its pledge made at the recently concluded Aid India Consortium meeting in Paris, reports PTI. The credit approximately equal to 162 million US dollars at current exchange rate (roughly Rs 170 crores) would be used for the implementation of four projects. These include the Aonla fertiliser plant (up to 8195 million yen), telecommunication network expansion project (7535 million yen), gas pipeline project on the Hazira-Bijapur sector (20,000 million yen) and eastern Gandak canal hydro electric project (1630 million yen), according to a Japanese embassy release. The concessional credit will carry an interest of 3.25 per cent per annum and the repayment, to be made in 30 years, will include a grace period of 10 years. Compared to last fiscal, the pledge made by Japan for 1984-85 represents a 7.6 per cent increase. [Text] [New Delhi PATRIOT in English 1 Jul 84 p 2]

TREATY WITH FRG--India and Federal Republic of Germany have signed protocol amending the 1959 agreement between them on avoidance of double taxation, reports UNI. It was signed in Bonn on 28 June by Indian Ambassador R D Sathe and State Secretary in the FRG Finance Ministry Dr Guenter Obert, according to official information received in New Delhi. The amendment has been made in view of increasing economic and commercial cooperation between India and FRG. Firms and organisations in the two countries are expected to greatly benefit by the amendment. It might also lead to a larger number of joint ventures. [Text] [New Delhi PATRIOT in English 1 Jul 84 p 2]

BIHAR JANATA SPLIT--PATNA, June 29--The Janata Party in Bihar today formally split into two when the dissidents formed a parallel state unit with their leader Mr S. N. Sinha, MP, as its president. In retaliation, Mr. Tripurari Prasad Singh, President of the State Janata Party, recommended the expulsion of Mr. Sinha and four of his associates from the party to the Party Chief, Mr. Chandra Shekhar. The meeting of the "the state council" called by the dissidents here this afternoon unanimously elected Mr. Sinha and authorised him and the Vice-President, Mr. P. N. Sharma to constitute the new State executive. According to Mr. Saryu Roy, general secretary of the parallel body, 272 out of 360 State Council members and 29 of 42 district party presidents attended the meeting. [Text] [Madras THE HINDU in English 30 Jun 84 p 9]

CSO: 4600/0009

PGCC MILITARY MOVES SAID TO 'BE COMMANDED BY U.S. GENERALS'

Tehran TEHRAN TIMES in English 11 Jul 84 p 2

[Editorial: "Remember Wars of Nations Against Rulers"]

[Text]

Reports from Kuwait have it that military delegations of Shaikhdoms membering the (Persian) Gulf Cooperation Council had gathered there to discuss details on "a joint military strategy." What is such joint effort driving at?

The Arab nations may not possibly yet know the extent of a great burden their reactionary regimes are laying on their shoulders. The people may not fully realize the noble sacrifices they must make in future in order to delete the obnoxious effects of what their rulers are doing today. According to dispatches it was decided in a session of the gathering in Kuwait that the US AWACS stationed in Saudi Arabia should coordinate the air defense systems of the PGCC countries.

The military capacities of PGCC is to be totally at the service of the US interests and be run and commanded by American military generals. It is a source of profound regret for Moslem nations of the Arab world that the US generals must, according to this bold decision, provide "security" for them.

Such a decision has nothing to do with the Iraq-Iran war nor is it ever related to the Persian Gulf security. The principal motive is merely to spread US dominance over military forces of regional nations and make them ineffective against Israel.

The Saudi court is certainly well aware of the fact that a great portion of the military intelligence data obtained through the US AWACS is laid at the disposal of Israel, the regime occupying the Qods. How can the Saudi military officials

deny it while they are aware of the fact that the AWACS are now carrying out scores of missions to identify Persian Gulf's strategic centers and installations as well as to record accurate information on the identifications of the oil wells? The US is now stabilizing its position across Arab countries and especially in Southern and Western coasts of the Persian Gulf under the pretext of being concerned on the fate of the pleasure-seeking princes of regional courts. It is now certain that any of these kings and princes, even if they ever succeed in summoning enough courage within themselves to question presence of US "advisors" and troops in their countries will have to share the same fate as of those who did so and were eliminated like it was nobody's business.

Where are the Arab reactionaries heading and why are they embarking on these treacherous moves?

Meanwhile, President of France, has asked for Yasser Arafat's recognition of Israel as the prerequisite for a meeting with him only because he is sure that the Arab reactionary forces have chained themselves and are confined under a trap from which they cannot free themselves easily let alone taking position against Zionist state. While talking of necessity of "secured borders for Israel", Francois Mitterrand also pretends to be a friend of the Arab reactionary regimes.

Should it not ring the bell for these reactionary regimes as to why the French Socialist allies of the Zionists are now defending them? Should they still turn a blind eye at the bitter fact that the nations have turned their backs on them? Should they not ever ask themselves of consequences of battle of nations against governments who rely on foreign bayonets?

The world imperialism has so far committed hundreds of crimes against Moslems in the name of preservation of the regional courts and it is prepared as before to once again employ these courts as means to safeguard its own interests.

But there is now a big difference between today's atmosphere and that of the past: The nations have realized that elimination of the courts is more to their interests than existence of these

courts. They have come to this conclusion by judging the successful experience of Iranian nation.

The Arab reactionary forces should now think of the situation they are placed in: On one hand there is Islamic Iran and the regional masses who are inviting them to the Qoran and Islam and on the other there are all those enemies of Islam who are inviting the reactionary forces to get armed against Islam and the Qoran.

Decision of the Arab regimes as to which side they want to join will determine their fate.

CSO: 4600/661

WARRING COUNTRIES WATCHED FROM BAGHDAD, TEHRAN

Report From Baghdad

Christchurch THE PRESS in English 27 Jun 84 p 18

[Article by Michael Sheridan: "Gulf War Guts Iraq's Populace..."]

[Text]

The Martyrs' Monument, a deep blue, tulip-shaped monolith, dominates the Bagdad skyline as dramatically as the war dead it hallows cast a shadow over Iraqi life.

It must be one of few such memorials in the world from which the general public is barred by armed guards, who appear to have instructions that photographs of the huge edifice pose a threat to State security.

The monument records, in letters of gold beaten from jewellery donated by the bereaved, words of President Saddam Hussein about the glory of sacrifice.

It is a theme that runs through this nation of some 14 million people, locked in conflict for 45 months with the 42 million people of neighbouring Iran.

Reminders of the dead are ever present through State legacies to victims' families. These include cars, land, posthumous salaries, and education privileges for their children.

Iraqi war communiques never mention the country's casualties and there are no reliable estimates. But the State-controlled media stress their ultimate sacrifice as an incentive for the faint-hearted and the grumblers away from the front.

The war has brought the man in the street much to complain about, from skyrocketing inflation to Draconian travel curbs, the heavy hand of the security apparatus on every aspect of life, and the possibility of being sent to the front.

Such complaints do not surface in the media, which presents a

picture of universal contentment and heroism. But diplomats and foreign residents say they are nevertheless present.

Iraq has about 1.65 million men under arms, a big manpower drain on this Arab nation which has brought women out from behind the veil into offices and factories. An estimated one million Egyptians form the bulk of a big foreign workforce.

From the classroom to the grave, the war is ever present. Schoolchildren are told of the honour of dying for the homeland, and as soon as boys are 18 they have the chance to do so.

People can be conscripted up to the age of 37, with doctors and engineers in key posts about the only ones officially exempt.

The regular army is estimated at about one million men. A paramilitary "popular army" makes up the remaining 650,000, with about 100,000 men believed to be at the front at any one time.

At the heart of a drive to imprint consciousness of the war on the populace is the ruling Arab Ba'ath Socialist Party whose 1.25 million members are responsible for encouraging people to join the popular army, maintaining civilian morale, and keeping a close watch on political activity.

Civilians in the southern port of Basra and the border towns which have been battered by Iranian artillery fire are singled out for special praise on television and in the press.

However, diplomats say that while some people have been evacuated, others appear to have been forbidden to flee.

For civilians away from the war zones, the economic effects of the conflict have been severe.

"In cash terms, the ordinary Iraqi has been wiped out by inflation" one Western economic expert said. "Although no figures are published, the middle classes have seen their savings evaporate with rising prices, the artificially high exchange rate, and the huge black market."

The Iraqi dinar officially is worth \$US3.2 (\$NZ4.92), a rate enforced in Bagdad's State hotels, airlines and restaurants. On the black market and abroad, however, it is worth \$US1. (\$NZ1.54).

Mindful of possible discontent, the Government has held the cost of many staple foods with big subsidies.

High-grade rice from abroad costs 250 fils (\$NZ1.23) a kg. The price of a loaf of Iraqi bread has remained unchanged at 10 fils (four cents) for several decades.

Petrol is 70 fils (33 cents) a litre, but cars are a problem. Only the Government imports vehicles and although an ordinary saloon costs about 4000 dinars (\$NZ19,712), there is a three-year waiting list. A private seller can sell the same car for up to 15,000 dinars.

Most diplomats believe that once the war is over, Iraq's oil revenues will put the country back on its economic feet within a few years, although a big foreign debt will remain.

But more than the financial cost of the stalemated war, Iraq is feeling the loss of its youth, martyrs to a conflict in which neither side has advanced more than a few kilometres in nearly four years of fighting.

Report From Tehran

Christchurch THE PRESS in English 27 Jun 84 p 18

[Article by Trevor Wood: "...And Iran's Adolescents"]

[Text]

Although the battlefield is far away, life in Teheran is dominated by Iran's war with Iraq.

The conflict, now in its 45th month, has affected everyone, either through the loss of a husband or son at the front, or through soaring prices and acute shortages of basic necessities.

Housewives queue for hours for a piece of meat or for butter — often to be turned away as supplies run out — but men and boys are still eager to sign up as volunteers to fight the "infidels" across the border.

Grief and hardship has led to grumbling about the time it is taking to end the war, but it has not had any visible effect on Iran's determination to see it through to a finish.

Most of the grumbling focuses on high prices. Petrol has risen three-fold since the war began and now costs 30 riyals (40 NZ cents) a litre.

Rice is as much as 270 riyals (\$NZ4.62) a kg and is rationed to 1.5 kilos a person a month. The price of a soft drink has risen a quarter this year to 20 riyals (28 cents). The deposit on the bottle is five times as much.

The Government attempts to provide a minimum of basic necessities at controlled prices, but even so supplies are not always adequate.

Many people suspect priority is given to poor areas populated by devout Muslims who provide the revolutionary leader, Ayatollah Ruhollah Khomeiny, with his strongest support.

In more affluent neighbourhoods, where there is too much money chasing too few goods, the Government allows a "free market" to operate.

Rationed meat, for instance, costs up to 400 riyals (\$NZ6.90) a kg, with people allowed 50 grams a day. At some Government-supervised shops, extra meat can be bought at double the normal price, but is not always available. There is also black market meat at nearly three times the price.

At the upper end of the market, the high cost of living is even more noticeable.

A locally assembled Peykahn car officially costs about one million riyals (\$NZ16,940), but fetches three times as much on the free market. A four-year-old Mercedes was re-

cently sold for 16 million riyals (nearly \$277,200).

Much of this can be blamed on the war which is sucking up a third of Government spending and has cut industrial and agricultural output in border provinces.

Money has to be found to cater for the two million of Iran's 42 million people uprooted from their border towns and villages and made homeless by Iraqi shelling. Most of them end up living with relatives or in Government buildings and commandeered colleges.

Families of war "martyrs" receive a grant of two million riyals (\$33,880). The 100,000 or so people crippled for life "living martyrs" — are given priority for scarce goods, Government jobs, and university places.

In spite of all this, the authorities take pride in the fact they can mobilise scores of thousands of volunteers for the front in a matter of days.

Photographs of flag-waving volunteers appear in newspapers alongside reports from Bagdad of men being press-ganged into service for Iraq.

Apart from the volunteers, every male aged over 18 is liable for two years of service with the regular forces. Not everyone is eager to fight.

A ring of forgers was arrested recently for selling false exemption cards for 350,000 riyals (\$6160) each. Draft-dodging is a major preoccupation for many families with growing sons.

For those at home, there is little to leaven a daily diet of war news and Islamic teaching. There are, of course, no night clubs or dancing in this strict Islamic society. The rich flock to the few remaining restaurants where the food is palatable. The poor sit in the parks.

CSO: 4600/663

PAPER BLASTS WEST FOR USING SADDAM'S 'MERCENARY REGIME'

Tehran TEHRAN TIMES in English 8 Jul 84 p 1

[Text]

DURING EARLY DAYS OF THE war imposed by Iraq on Iran very few believed when the Leader of the Islamic Revolution declared that the unauthorized regime of Iraq headed by Saddam Hussein was a mercenary regime and working for oppressors especially for the US-led West.

Since then the Imam warned the world, especially the countries neighboring Iran that Saddam can't be a friend of these small tiny states and should keep away from the conflict which "definitely will end in final victory for the Islamic Republic".

Time passed and the real nature of Saddam's regime was revealed through covert and open plots of the United States, which branded those plots "diplomatic activities".

True, the Iraqi regime was openly in the camp of the Russian-led Eastern bloc and was claiming to be so-called progressive and socialist. But as matter of fact it was also deceiving the Kremlin bosses.

As time passes the true nature of the Iraqi regime, if it survives longer, they will no doubt see that Saddam is the biggest stooge of American imperialism and basically bends in the interests of the capitalists and Zionists and they will further see as the Imam said, that the Iraqi regime is enemy Number One of the people, of Iraq and the region.

Now the war is to enter into its fifth year and according to facts admitted both by Iraq and its allies in the region and in the Western world, over 50 billion dollars of financial aid in petrodollars and weapons had been provided directly or indirectly by Saudi Arabia, Kuwait, UAE, Oman, Qatar

and Bahrain to Iraq. Military assistance including manpower supplied by Egypt, Jordan, Sudan and Tunisia to Iraq is an additional bonus received by Saddam directly on the orders issued from the White House.

It will not be out of place if we mention here some of the developments in US-Iraqi relations, which had taken place openly and is recorded in the world media.

An observer here who monitors the Middle East events dubbed these developments cards played by the US imperialists and their agents in gradual stages and they have perforce not been able to hide their hand any longer from the eyes of the world.

The first card played by the United States in its ties with the Iraqi regime was the visit of so-called Special Envoy of President Ronald Reagan Donald Rumsfeld, who visited several regional countries including Iraq.

Rumsfeld held talks with Saddam last year and for public consumption it was said that the two discussed the Middle East situation particularly a peace plan for Lebanon. Rumsfeld was earlier preceded by Philip Habib as special envoy of Reagan, who visited these countries several times but never Iraq. It was natural as Iraq had no role in the Middle East especially in the confrontation with Israel, so Baghdad was never included in the itinerary of Habib's tour to this part of the world.

According to observers here a comprehensive plan for all-out help to the falling regime of Baghdad was made and agreed during the visit of Rumsfeld last year.

A leading American daily Wall Street Journal exposed these ties in more detail. On April 11, 1984 the daily disclosed that President Reagan issued orders to his Administration to pursue all possible means of keeping Saddam in power. As part of this policy a high-level American team headed by Assistant Secretary of State Richard Murphy and including Major General Edwar L. Tixier visited Saudi Arabia, where talks were held on ways and means to help Saddam.

Presence of a large number of Americans from various walks of life attended June 17 ceremonies in Baghdad which are held to mark the so-called Iraqi revolution.

Israel which is considered the staunchest enemy of the Moslems at times publicly made statements in support of the Baghdad regime. One such

statement which will interest our readers was broadcast by radio on June 26, in which the Zionist regime said that the regime occupying Holy Qods with the help of Jordan, will give a hand to the Iraqi regime to build the pipeline for the export of Iraqi crude oil.

The Israeli Radio also noted that Jordanian and Zionist officials had met at least once a month and exchanged views on various issues including the proposed Iraqi pipeline passing through Aqaba port of Jordan.

On June 27, it was officially announced that the US Export-Import Bank will provide dlr. 750 million for the Iraqi pipeline.

Last January, the US dispatched chemical weapons to Iraq and these were for use by that regime against the Islamic combatants during the Val Fajr-6 operation in which the strategic Majnoon Islands were liberated.

The interesting point is that the White House spokesman was the first to condemn Iraq for its use of chemical bombs. At the same time the Iranian officials scoffed at the condemnation and said that it was just propaganda and intended for public consumption.

Now last week the War Information Headquarters of Iran gave documentary details on the dispatch of chemical weapons by the US to Iraq.

Moreover in the day-to-day publicity in the Western press the facts are distorted and Iran is presented as a warmonger and Iraq as peaceseeker. While the Iranian leader, the Imam, and other officials repeatedly said that no other country wanted peace so much as Iran. Of course it was made clear that Iran wants peace in genuine terms as described in the Holy Qoran.

Zionists premier Ishak Shamir in his recent statement when the Islamic combatants gained unprecedented victory over the Ba'athist forces said, "the war has entered into a critical stage and Israel may interfere." Such statements, according to observers was nothing but to boost the morale of the defeated Iraqi forces and also warm the covert relations of the occupying regime with the mercenary regimes in the region who considered the Islamic Republic a potential danger to their own self-styled rules.

There are so many other examples which can prove that the Saddam regime is nothing but a card in the hands of Western powers who play according to their own rules.

But according to the Imam "Saddam is dead and no power on earth can keep it alive for long.

Yes, Saddam's final days are close at hand and if the regional rulers have the slightest sense of politics, which we believe they lack, they should pay heed to the call of the time and return to Islam.

CSO: 4600/662

JANNATI URGES CONTACTS WITH MUSLIMS AROUND WORLD

Tehran TEHRAN TIMES in English 10 Jul 84 p 2

[Text]

ORUMIEH — Head of the Islamic Propagation Organization, Ayatollah Ahmad Jannati said the organization's International Relations Bureau had established contacts with "many Moslems in remote countries around the world especially with African oppressed Moslems."

Jannati who is also a member of the Guardians Council of the Constitution made the remarks at a question and answer session here. He arrived in Orumieh while on his tour of the West Azarbaijan Province the same day, IRNA reported.

On the important role of propagations in advancement of the cause of the revolution the Ayatollah said it was due to the well-organized propagation movements that the revolution had achieved success in this or that region.

Asked on the activities of the Islamic Associations, he said these revolutionary vigilant bodies could act and were indeed as the "revolution's eyes, ears and hands".

Referring to some achievements of the Islamic Propagation Organization, Ayatollah Jannati said nevertheless there were steps that had to be taken to improve the quantity and quality of the activities of the revolutionary organ.

He added that this organ-

ization has been able to relay the message of the revolution to many oppressed, deprived and faithful Moslems around the world by dispatching them cassette tapes, films, books, pamphlets, magazines, newspapers as well as preachers.

He later referred to art and said artistic activities were the best way to penetrate the hearts of the people and spread the message of the Islamic Revolution adding that a great part of the organizations' activities involved artistic movements.

He told reporters that in the past religious activities in the region had been superficial because of the monarchy's efforts to keep the Ulama and people away from each other.

On the IPO's activities abroad, Ayatollah Jannati said efforts had been made to have contacts with African, Asian, European and American Moslems.

He stressed on the importance of Islamic Associations of Moslem students in serving the Islamic Revolution abroad.

He said cassette tapes, films, books, pamphlets, magazines and newspapers were sent to Moslems in many remote areas of Africa and Asia as a means to convey the message of the Islamic Revolution.

CEMENT PRODUCTION DOUBLED

Tehran KEYHAN in Persian 2 Jul 84 p 22

[Text] Minister of Industries: During the current year, 9.5 billion rials in funds have been allotted to the growth of industries.

Tabriz. The minister of industries announced in the ceremonies opening the kiln for the 2,000-ton unit of Sufian cement factory:

"More than 9.5 billion rials in funds have been allotted to the Ministry of Industries for the growth and development of industries during the current year."

Minister of Industries Hashemi announced in a brief interview with IRNA: Last year, 10 billion rials were invested in the government sector and 30 billion rials in the private sector to develop national industries. Also, last year, agreements in principle were carried out in regards to the creation and establishment of more than 5,000 industrial units throughout the country.

The minister of industries then, pointing out the 24-percent quantitative increase in industries last year compared to a similar period the year before, stressed the necessity for the increased competency of unit managers and the need for equipment and machinery to improve product quality.

He added: We strive to develop industries for which the raw material is available domestically.

This report also indicates that the clay drying unit, raw material mill, and kiln of the 2,000-ton unit of the Sufian cement factory of Tabriz were opened and put into operation yesterday in the presence of the minister of industries.

According to the IRNA report, with the operation of this unit--the construction work and installment of equipment and machinery of which have been carried out by committed Iranian engineers--

the production of cement in this factory increased from 2,600 to 4,300 tons daily. According to this report, the kiln of the 2,000-ton unit is equipped with (peri hiper), the capacity for incoming raw material is 130 tons, and the clinker output capacity is 83 tons per hour.

Also, the raw material capacity of the mill sector is 200 tons and the clay dryer, 110 tons per hour. Also, the rock crushing, cement mill, and loading room of this unit was put into operation last year during the holy days of the 10-day Fajr celebrations.

10,000

CSO: 4640/310

CEMENT FACTORY INAUGURATED

Tehran ETTELA'AT in Persian 3 Jul 84 p 4

[Text] Tabriz, ETTELA'AT correspondent. The clay drying, raw material mill, and kiln of the 2,000-unit Sufian cement factory of Tabriz were inaugurated and put into operation yesterday with ceremonies attended by Mr Hashemi, the minister of industries.

With the opening of this unit--all construction and installment of equipment and machinery of which was carried out by committed Iranian engineers--the level of cement production in this factory increased from 2,600 to 4,300 tons daily.

According to this report, the 2,000-ton unit is equipped with a (peri hiper) system and has an input capacity of 130 tons and a clinker output of 83 tons per hour.

Also, the raw material capacity of the mill section is 200 tons and the clay dryer, 110 tons per hour. This report indicates that the rock crushing, cement mill, and loading room sections of this unit were put into operation last year during the holy 10-day Fajr celebrations.

It should be mentioned that the cost of creating this unit was 12.21 billion rials.

Also, in a press interview, Mr Hashemi, the minister of industries, said: The Ministry of Industries intends to expand industries for which the raw material is available domestically.

He said: Last year, through the Ministry of Light Industries, 5,000 agreements in principle and, through the Ministry of Heavy Industries, 2,000 agreements in principle were issued. If this number achieves results, the situation with regard to industries will be improved quantitatively as well as qualitatively.

With regard to sugar factories, in particular the sugar factory of Moghan cultivation and industry, he pointed out that these

factories face a shortage of sugar beets and the Ministry of Agriculture must take the necessary steps by encouraging farmers.

The report of our correspondent indicates that during his three-day stay, the minister of industries visited the Tabriz industrial factory, the Moghan region affiliated with the Ministry of Industries, and the organization of national Iranian industries.

10,000

CSO: 4640/310

IRAN

MILLIONS TO BE SPENT ON RURAL HYGIENE

Tehran JOMHURI-YE ESLAMI in Persian 3 Jul 84 p 9

[Text] Since the beginning of the five-year national developmental expansion plan, 43 villages in the Province of Bushehr, with a population of 66,414, have become the beneficiaries of sanitary drinking water.

The head of the environmental health office of the Province of Bushehr announced this statement and told the correspondents of the IRNA: Based on the projected plans, in the course of the 5-year government plan, 214 villages will be covered by the water outreach program and the drinking water network of 171 other villages, of which 90 percent of the implementary operations have been completed and will be put into operation within the next 3 years.

Referring to the government policy with regard to the creation of resources in the villages in order to prevent the uncontrolled migration to the cities, he added: This year, with funds amounting to 500 million rials, 36 water outreach projects, 10 mortuary wash houses, and 2,000 health service centers will be put into operation in the villages of the Province of Bushehr and efforts will be made to provide the necessary attractions to keep villagers in the villages through the implementation of health plans in the deprived and isolated villages and raising the quality of environmental health in addition to providing the villagers with sanitary drinking water.

10,000

CSO: 4640/310

EXPLOITATION OF FOREIGNERS, BUREAUCRATS KEEPS NATION POOR

Lahore NAWA-I-WAQT in Urdu 24 Jun 84 p 10

[Article by Prof Ashfaq Ahmed Khan: "The 1984-85 National Budget"]

[Text] Like the proverbial houses built on sand, our economic policies have never had proper foundation. Those who made these policies after Pakistan was created gave them (or allowed the crafty foreigners to give them) a direction that was solely in the interest of the foreign exploiters. Those who made these policies are either dead or are living to see their people join that unluck one-fifth of the world population whose life, according to a former professor of Harvard University and leader of the Western exploiters of this age, Mr MacNamara, "has reached a sub-human level of existence because of illiteracy, hunger, disease, a dirty environment and a high death rate." The remaining 80 percent are much better off. As for the people of the richer countries, their high standard of living has no parallel in human history.

Our annual budget mirrors the general conditions in the country. We cannot make any major changes in it, except for giving a pittance more to the departments that have been greater victims of neglect and foreign interference. We find that the departments of education and energy have, properly, been given more attention. Here again the same old administrative hurdles may stand in the way of progress. There are forces that keep tugging our country in opposite directions.

My book "Pakistan--A Nation" (Al Hamza) was published in 1941. I believed then that this country would be created, and I believe today that it will survive, progress and become prominent. But our patient and long-suffering people have had to undergo untold trials since our freedom. In this land of brave and hard-working people, there is a very high mortality rate of child-bearing women. Our ignorance and poverty does not give new-born children and their mothers the nourishment, medical care and protection that is needed to save their lives. One hundred thirty of every 1,000 children born in Pakistan die during the first year of life, while child mortality in Europe is about 10 per 1,000. If we consider the children who do not die but go on playing out a sickly existence between life and death, we feel that the destruction caused by Chagiz, Halaku, Napoleon and Alexander pales in comparison with the inhuman cruelty of the economic exploitation and international plunder of modern times.

For us the main question is why did it all happen even after we had achieved independence? Perhaps we have never tried to analyze the causes of our backwardness in education and science. In truth a political vacuum was created in our country soon after independence through the demise of our great political personalities. This vacuum was filled by a few hundred bureaucrats of the British time whose deep-rooted slave mentality habitually made them a cat's paw for any foreign exploiter that came along. The monopoly of our education, commerce, industry, health, agriculture, arts, media and science fell into their incompetent hands. All they wanted from this largest Muslim nation was to grab highly paid government posts, which carried the greatest authority. They were completely ignorant of the basics of diplomacy and knew nothing about the historical forces that mold the course of politics. In the tradition of foreign rulers, they treated all poets, thinkers and intellectuals as a class of rebels. These bureaucrats changed every ruler into a viceroy and did nothing to prepare the ground for the development of education, research and broad knowledge that could have ultimately controlled and reformed things. They opened the doors to the thousands of foreign exploiters who entered the country in the guise of experts and tried to change this land into an agricultural unit providing raw material for the factories of the Western countries. These advisors interfered in every department in our country, but the greatest harm they did was in the field of education. They substituted the subjects of manure, seeds, irrigation and soil for the subjects of physics, chemistry and mathematics.

The rulers and people of Pakistan have failed to free themselves from the clutches of this anti-national batch of bureaucrats. As a result, the intelligentsia are quitting the country. Our president, the secret of whose popularity lies in his courage to say and hear the truth, said at a function about children's diseases that those who cannot find another job become school teachers. That is, only people with subnormal capacities adopt teaching as a profession. Some able people, too, no doubt become teachers, but as a rule only those people who are not accepted in the civil services enter the field of education. The narrowminded bureaucrats have, for their own pernicious purposes, destroyed the self-respect, freedom of enterprises and dignity of the teaching community so completely that the profession that was the pride of men like Henry Kissinger, MacNamara, and Eisenhower in a free country has become something useless, fruitless, undignified and uninspiring in our country.

Under these conditions, can giving extra monetary help to education bring any positive results? It is difficult to answer this question. During the past 23 years, all of the intelligent people have been joining departments other than education. Only the laggards go into the teaching profession. The educators who have come to the top in their profession have experienced so much neglect and deprivation that they have lost all self-esteem and have come to be treated as nonentities. People know nothing about them or their achievements. It is deplorable that when our outspoken president wanted to know why young people of our country do not want to become teachers, the bureaucracy did not have the courtesy to appoint a commission or even a committee to find the causes, but when the order

for a 2-day weekend came they implemented it with the speed of lightening, and the country lost 52 working days in a year. It would have been better if the government had ordered its employees to spend 15 days of this vacation helping farmers at harvest time. This would bring them closer to the common people. Government officials should sometimes come out of their air-conditioned offices, or the government will become a complete stranger to the public.

The budget includes the aid to be given to the provincial governments in order to encourage the representative local governments to become active in social services. But even the self-government of the local bodies is being injured by the negative mentality of the bureaucrats. The problem is not money but the centuries-old attitude of government officials that makes them suspicious of, and antagonistic to, the public. That is what needs to be changed. True, the representatives of the public are not as responsible, righteous and trustworthy as they should be. But how will they ever learn to be responsible if they are never given opportunities to shoulder responsibilities? Are those at the helm, the elite, free from all defects? So if there are defects in public representatives, that is no reason to stop the activities that are essential to keep alive the spirit of democracy and national freedom in the country. The bureaucrats behave like the British, who did not give self-government to the people of India on the grounds that they did not know self-government. A person cannot learn to swim without entering water; so the public cannot learn self-government without getting full power and responsibility for government. People should be allowed to learn by trial and error.

Some time back it was learned that 80 percent of our country's wealth is to be found in Karachi. Such a concentration of wealth is not in the interest of the nation. Most of the basic industries have been started at Karachi. Punjab, which has half the population of Pakistan, was not even allowed to have the head office of a bank transferred to Lahore. Before the country was industrialized, Wazirabad and Nazimabad produced high-class shotguns, the traditional industry of the region, which dated back to pre-British times. But the new factory for shotguns has been sanctioned for Karachi. There are many more examples, which I do not cite for fear of being accused of spreading provincialism. But I ask the intellectuals and the elite of all the provinces to save the Province of Punjab, which has always been the pride of the people of Pakistan. Every province should deplore the downfall of knowledge and education in Lahore.

Thirty-five years ago when Western exploiters decided to have Pakistan grow cheap agricultural goods for them through human labor they also devised a scheme to waste the little money that might in this way be saved. They did not want us to save enough money to start our own industries. Amazing schemes were started under the slogan of "appropriate technology." The present writer fears that the "dung-gas scheme" was one such scheme. I am a farmer and own 40-50 cows and buffaloes. Perhaps I am wrong, but this scheme, which means following the cattle to collect their dung, mixing it with water and getting it to a plant (that costs 20,000 rupees), cleaning it until the manure is separated and then obtaining gas worth about 2-3

bottles of kerosene oil, seems to be highly impractical. Besides the dirt and the waste of time and energy, it means an investment of 20,000 rupees for a plant. I find the scheme incomprehensible. Will somebody in authority examine the whole scheme afresh? It is also the duty of the journalists to scrutinize the idea and find out to what extent it is practicable and inform the public about it. It is true that we should find new sources of energy, but we, as Muslims, should never do anything without due thought, scrutiny and analysis.

We should remember that the industrialized world is divided into two antagonistic blocs. Even the "aid" that the Soviet and U.S. blocs give to poorer countries is a part of their diplomacy. The aim of U.S. and other industrialized countries is to get cheap raw materials from poor countries. For this purpose, they try to stop the spread of education in science and engineering in the poorer countries in order to prevent them from becoming industrialized. The purpose of the Soviets, on the other hand, is to industrialize poor countries and thus decrease the supply of raw goods to the U.S. and other Western countries, or to make the raw goods more expensive for them. China and India have gained a lot from this state of affairs. In Pakistan (owing to the overwhelming Western propaganda), there has been a prejudice against the Soviets. Not to speak of learning science and engineering from the Soviets, even talking about Russia dubs a person a "communist." Pakistan can survive only if it gets scientific and technical aid from Russia. Our young people should get education at the scientific institutions of the USSR, where thousands of Americans are also being educated. We can achieve nothing unless we raise the standard of scientific education in our schools. If we depend solely on Western aid for education in science and engineering we will get exactly what we got in our car-manufacturing business over the past 10 years. We will waste time. We will get only high-level conferences of doctors and fairs of agricultural experts in the name of science. Atomic energy is the greatest power of the future, but the hypocrites who are here in the thousands are trying to deprive us of it. It is the result of their propaganda that we can get tenders from no country in the world to set up an atomic plant in Pakistan.

12476

CSO: 4656/171

INDIRA GANDHI CRITICIZED FOR ACTIONS IN PUNJAB

Lahore NAWA-I-WAQT in Urdu 30 Jun 84 p 5

[Article by Prof Mohammad Sal'm]

[Text] It does not seem right to feel pleased about the violent turmoil India is going through at the moment but among India's neighbors not one is offering any sympathy in this hour of its difficulties. Would that India's neighbors feel remorse at their great neighbor's problems, but India's attitude toward them has been so high-handed and aggressive that each of them is heaving a sigh of relief at the prospect of a weakened India. If any country has expressed any sympathy for India, it is either Russia or its parasite, Afghanistan, neither of which shares a border with India. Otherwise, from Sri Lanka and Bangladesh to Nepal, Pakistan and China, no country has offered a word of sympathy.

Only a few days ago, Prof Mirza Munnawar, addressing a youth gathering, enthusiastically declared: "Take it in writing from me that India is about to be dismembered and Indira Gandhi will be the last prime minister of a united India." At the end of the meeting I asked Mirza Sahib why it is that whenever any Mirza speaks he starts throwing out predictions. Mirza Sahib replied: "First, I had no intention of making prophecies and second, the prediction is not mine but that of an enlightened and pure hearted holy man and it was made back in 1973." Later, when Indira Gandhi lost an election and ceased to be the prime minister, Sahib told the holy man that his prediction had gone wrong and that Indira Gandhi had left the office of prime minister without breaking India into pieces. The holy man replied that Indira would return to power and leave after accomplishing her great mission.

A foreign journalist once asked Mrs Gandhi who, between her father and herself, was the greater statesman. To this Indira's reply was that she did not consider her father a successful statesman. If he were a great statesman, there would have been no partition of the country. Perhaps Allah did not like this boast of Indira's and He decided that if the father divided the country into two parts, his daughter would depart after dividing it into several parts. Such boasts have been the ruin of many a ruler before. It appears that Indira Gandhi, too, would depart from this world with the heavy burden of defeat. The pride that went to her head with the breaking up of Pakistan would be exorcised with the creation of Khalistan.

The deep conspiracy by which East Pakistan was separated from Pakistan wounded the hearts of Muslims, and these wounds are still fresh. Those days, an enlightened soul, with a pure vision of the world, predicted that of the main characters of this tragedy, none would leave the world with honor. Everyone knows how Yahya, Bhutto and Mujib left this world. Thus, the prediction has been three-fourths fulfilled. Now only one character of this tragedy remains. In what condition she departs remains to be seen.

On the face of it, law and order appears to have been restored in East Punjab. But observers know that this is merely the effect of brute force. As soon as the military leaves--and the possibility of this happening appears remote--the situation in Punjab and occupied Kashmir will change dramatically. Today, the situation is that there is a soldier standing under the shadow of every electric pole, every bridge is under guard, on the railway tracks there are soldiers standing every 10 yards and troops are camped in every building and installation. Practically every Sikh is being watched by soldiers. This kind of law and order is no achievement. Law and order will be tested when the military leaves. But as we have already stated, perhaps this will never come to pass. The reason is that Hindus of East Punjab and occupied Kashmir will never let the military leave even if they have to touch the feet of Indira or lay themselves in the path of army trucks. Now the military is the only guarantee of their lives. Apparently, just as Russia has become bogged down in Afghanistan, so India is neck-deep in the political mire of East Punjab. This problem will not disappear, and even if it does, it will exact a heavy price.

A few days ago, Mrs Gandhi visited the Golden Temple in an effort to mollify the Sikhs. There she prostrated herself, ate food and listened to a recital of holy psalms. At that time, what went on in the hearts of the psalm-singers is known only to God and to themselves. But to TV viewers it looked as though they were not singing holy psalms but mourning. Their hearts appeared to be on the point of bursting with grief and sorrow. First a massacre and then false sympathy is nothing short of sprinkling salt on wounds. Mrs Gandhi not only expressed sympathy but claimed to have done the Sikhs a favor. She said that had she not taken military action against the Golden Temple, the arms and ammunition stored by the terrorists could have blasted the entire complex. This is equivalent to killing and then calling it a holy deed.

Political observers believe that by taking this violent action against the Sikhs, Mrs Gandhi has secured Hindu votes, and her success in coming elections is assured. Their belief is supported by the fact that all opposition leaders are one with the government in this step. But in our opinion this momentary enthusiasm will not last. No sooner the election campaign warms up than all opposition leaders will turn on Mrs Gandhi. They will charge that by her action against the Sikhs she endangered national unity. Because no Sikh organization will be ready to talk with Indira Gandhi, all opposition parties will claim that if national unity is to be maintained and if a dialogue has to be opened with Sikhs, Indira Gandhi will have to be removed. The Hindus, at this state, will not like to further jeopardize national unity by voting for Indira Gandhi. For these reasons, her re-election appears to be in trouble.

Now it has become clear to all Indian minorities that Mrs Gandhi's secularism is confined to Hindus alone. Other peoples have no part in it. When a few Hindus were killed in Punjab, Mrs Gandhi's secularism was galvanised into action, and she immediately dispatched two divisions to Punjab. But when in Maharashtra Hindu terrorists killed hundreds of Muslims and burned dozens of them, Indira's secularism remained unruffled. To keep up the pretence of secularism, Indira Gandhi should have handed over Maharashtra to the military as well. But here the victims were Muslims whose lives were not so precious. That is why no action was considered appropriate. This very sorrow troubled Sant Jarnail Singh Bhindrawala. He also believed that Indira's government does not accord equal treatment to people of different religions. If so much as a knife is recovered from a Sikh, he is taken into custody. But in Patials district, 250 grenades were recovered from Pawan Kumar, president of the Hindu Protection Society, but he was not held even for one minute. This is because he was a Hindu and in the eyes of Indian secularism, Hindus are above the law.

After all this massacre, Mrs Gandhi came to Amritsar temple. Had she gone there a little earlier, perhaps, this blood bath could have been avoided. Sant Bhinderanwala died waiting for her to come.

12286

CSO: 4656/176

PRICE INCREASES, BUDGET POLICIES TERMED 'OPPRESSIVE'

Lahore VIEWPOINT in English 5 Jul 84 p 6

[Text]

DESPITE placatory promises that the latest dose of indirect taxation would have only a minimal effect on prices, and that anyhow the increases would touch only a small section of the people, the new Budget has predictably raised the high-price economy level to dizzy heights. Even before the Finance Minister had completed the broadcast announcement of his long list of adjustments and accompanying assurances, the rates of a variety of goods and services had been pushed up well beyond the percentages prescribed by him pontifically. Combined with the Ramazan and Eid incentives for higher profits, those with restricted or fixed incomes justifiably feel that the price structure has become unbearably oppressive, and they see little hope of early relief in any sector.

It would be unfair to accuse the managers of our economy of being ignorant, although occasionally they pretend not to know what they are doing. In fact, they do know what they want in the short term, and they can well foresee the results of their policies. It would, probably, be correct, however, to suggest that they are callous or indifferent to the common people's sufferings, or they have

persuaded themselves to believe that additional, undeclared incomes are available to most people and these will cushion the shocks that the people keep getting seasonally or otherwise, and that the burdens that are imposed on the advice or in consultation by IMF experts are not yet the last straw. It can also be seen that our policy-makers are quite proud of their laissez-faire liberalism, as is indicated by the Pre-Budget Economic Survey in which it is said that "despite statutory provisions for price control of 66 goods, in practice the prices of only four products are being controlled"; and even with regard to these four the controls are nominal, and the market remains at the prescribed official level only under the influence of the law of supply and demand.

As many independent economists have repeatedly suggested, the official think-tank must revise its basic approach to Pakistan's economic problems and start working on solutions that will help the country to seek escape from persisting stagflation and a debt burden that palpably grows heavier with every passing day. Clearly, the guiding directives of the Western Powers — who are our main benefactors in the economic

field and, paradoxically, also the main beneficiaries of our policies – are intended to help them tide over their own crises at the expense of Pakistan and other countries of the Third World. It is, obviously, our responsibility, not theirs, to work out plans that will save the Third World from the impending explosion. What we need is a drastic overhaul of the country's economy, a revision of trade policies, and a programme for proper utilization of indigenous resources and investment for development. At present, we are managing to keep the country's head above the rising water by

getting the assistance of bigger props, as well as such fortuitous and temporary factors as the remittances from abroad. The day is not far when these props will begin to weaken, placing the country in grave jeopardy. Before that day gets any nearer, our decision-makers must accept the advice of reason. It is suggested again that independent economists, who are fully aware of the country's needs and capable of suggesting solutions, should break their discreet silence and begin to articulate their views without the fear that criticism of Government planning will be regarded as activity shadowed by subversion.

CSO: 4600/652

HAQ TALKS ABOUT DEBT PROBLEMS OF DEVELOPING COUNTRIES

Islamabad THE MUSLIM in English 10 Jul 84 p 8

[Text]

ISLAMABAD, July 9: Dr. Mahbubul Haq, the Federal Minister for Planning and Development, said Pakistan had made proposals for special issuance of SDRs equivalent 15 to 20 billion dollars for Asian and African countries through debt subsidiary and International Development Agency IDA, within the course of next year.

He was talking to newsmen on his return from Geneva after attending the U.N. Economic and Social Council's Annual Session, at Islamabad airport this morning.

The Minister said he had presented two main proposals of setting up IMF's subsidiary in order to refinance the largest debtor nations and 10-year action programme for sub-Sahara Africa for achieving self-sufficiency in foodgrains and for the development of human resources.

These proposals had received quite positive response at the forum and would help achieve a viable solution of the problems being faced by the developing countries, he added.

The Minister said he had discussed these proposals in the Tide Water Group meeting in Rome and with the heads of World Bank and IMF who regarded them as the most constructive contribution made in the current situation, and promised to consider them seriously.

The Minister explained that another proposal was to focus on net transfer of resources instead of their gross transfer. Quoting the example of Pakistan, he said, it received gross commitments of 1680 million dollars but the gross disbursement was only 810 million dollars.

Pakistan had to pay the principal back from previous debt of 500 million dollars, leaving only 310 million dollars as net disbursement. Of this amount 250 million dollars were paid in the form of interest and ultimately only 60 million dollars remained with Pakistan as net transfer of resources, which is a very sad situation. At the Tide Water Group meeting, he called for focusing attention to the net transfer of resources in place of gross commitments and added that only recycling of debt was being made and no fresh resources were being provided to the developing countries.

The net transfer of resources in 1983 to the developing countries was minus 21 billion dollars and it was 16 billion dollars in 1981, he said, adding that for the first time in 40 years the poor nations had transferred resources to the rich nations.

Dr. Haq said he found great anxiety among the developing countries at their declining growth

rate. He said per capita income were declining except for South Asia and China, with deepening debt crisis in Latin America.

The Minister said unemployment was 30 per cent in these countries, growth rate was negative and they had cut down real wages of their workers by one-third with inflation rate as high as 600 per cent in Argentina.

He said he had also discussed the possibility of getting more resources through non-governmental organisations (NGOs). He said U.S. alone providing assistance worth 1.3 billion dollars through NGO's and urged that the developing countries should also organise NGOs.

Dr. Haq said independent NGOs would be set up this year in Pakistan, without subjecting them to any government control and added they could have direct links with NGOs abroad and thereby social sectors could receive assistance from voluntary organisations.

The Minister said he also discussed the issue of constituencies for development of foreign assistance and there was recognition that aid was unpopular in developed countries whose legislatures do not vote on it and added also in developing countries there was irritation about number of rigid conditions and small amount which finally emerged.

SECRET SESSION OF BALUCH STUDENTS ORGANIZATION REPORTED

Rawalpindi HURMAT in Urdu 14-21 Jun 84 pp 19-20

[Article by Mujahid Bareilvi: "Was the Provincial Government Unaware of BSO's Secret Session Involving Red Flags, Portraits of Martyrs and Baluchi National Anthems?"]

[Excerpt] The national council session of the Baluch Students Organization (BSO) was held from 27 to 29 May this year in Quetta. Interestingly, at that time Baluchistan was considered the most peaceful state in the country.

This BSO national council session is unique from another standpoint. There was no publicity when this convention was being organized and no reports about it were published in any newspaper or journal. Newspapers in other cities may have been unaware of this event because of distance but the ignorance of reporters in Quetta about this important happening is inexplicable. When I went to the Quetta Press Club to visit some friends, I learned that bureau chiefs of a widely circulated Urdu daily and the country's largest English daily from Karachi were unaware that the Baluchistan Government had tried unsuccessfully to stop a 3-day convention of the BSO held at Boolan Medical College.

The last national convention of the BSO was held in July 1979. At that time, the "life and soul" of Baluchi politics were Mir Gaush Bakhsh Bizenjo, Sardar Ataullah Mengal and Khair Bakhsh Murry. All of them, after being involved in armed confrontation between 1977 and 1982, were trying to decide on their political futures. The defunct National Democratic Party [NDP] had replaced the National Awaami Party [NAP] but was ineffective and powerless because these three leaders had refused to join it.

Politicians, political parties and even tribal leaders of Baluchistan at that time were neither in a mood to fight nor to support General Zia. The BSO, which was only a student wing of the NAP until 1982, emerged as a separate political power after the armed confrontations of 1972 and 1977. Even after July 1977, it remained belligerent toward the government. After the changes in July 1977, the attitude of the BSO continued to be different from that of the politicians of Baluchistan and Suba Sarhad [NWFP].

The July 1979 convention of the BSO, held at Baluchistan University, is considered a landmark in Baluchistan politics, because no leaders of the defunct NAP and NDP were invited to this convention even as "guests." The convention stage was decorated with large portraits of Marx, Engels and Lenin. The speeches and resolutions at the convention were so radical that the Baluchistan Government was forced to take quick and dire action. It arrested a large number of BSO members and sentenced them to 1 year at hard labor. Members of its central committee were given sentences of 1 year in jail in absentia. However, despite these measures by the Government, the BSO sphere of influence continued to expand. One of its factions, which had deserted it in 1970, joined it again. After the union of BSO and its other faction, preparations for the council session began.

According to the schedule, this session was to be held on 26, 27, 28 and 19 May at Baluchistan University. About 200 elected councillors and their fellow workers had arrived from various corners of Baluchistan by 24 May. All of these, numbering at least 750, were staying at the hostels of Boolan Medical College.

Early on the morning of 29 July [May?], hundreds of armed policemen surrounded the hostels. The BSO leaders asked the University vice chancellor and the principal of Boolan Medical College to have the police removed so as to avoid a possible clash between BSO workers and police. The government officials refused to do so since they had learned that strong anti-Pakistani feelings were going to be aired in speeches at the session. While negotiations were going on between university and government officials, the BSO leaders, who had expected this official intervention, decided to change the venue of the conference. Messages were sent to all councillors in extreme secrecy, and within hours they moved to an unknown conference location. Baluchistan Government officials still do not know where those 200 councillors and 150 members of BSO held that 2-day closed session.

On 29 May an open session was scheduled for 10 am. The councillors returned at 1 in the afternoon. At 4 pm, they started to build a covered stage for the open meeting. In normal conditions, it takes one full day to erect such a stage. The BSO workers, however, worked very diligently and completed it by 7 pm. By 7:30 pm, the 2,000 chairs in the huge auditorium were filled. The stage was decorated with red banners. Portraits of BSO "martyrs," including Nauroz Khan, were hung on the wall behind the stage. The ceremony began with the Baluchi national anthem. It was followed by the oath-taking ceremony conducted by the incumbent chairman, Ayub Baluch, Secretary General Yasin Baluch and other members of the central committee.

7997

CSO: 4656/170

UNFAIR ALLOTMENT OF SIND LAND TO PROMINENT PEOPLE DEPLORED

Rawalpindi HURMAT in Urdu 14-21 Jun 84 pp 24-25

[Article by Fari Ahmed: "Allotment of Government Lands a Robbers; Prominent People Being Served Under the Guise of Protecting Animals"]

[Text] A great many rumors died after the provincial cabinet of Sind was established. It had been hotly rumored for a month that two former state ministers were being investigated and that none of the former ministers would be appointed to office again. This news is indirectly related to the former governor, Mr S.M. Abbasi. We noticed one important change. People whose full-time vocation was singing the praises of Governor Abbasi while he was in power were out front in denouncing him when he fell from grace. These very people had started the rumors that no former ministers would be reappointed. Our society has formed a new system: People who become friends with an incumbent official and take advantage of their association with him are later out front in condemning him when he loses his seat of power. Rumors about the two former ministers are being circulated because the former governor has lost power and is not a government favorite any more. There was a hot rumor about his being under house arrest because he had used his power and position illegally. He is accused of allotting thousands of acres of land to various leaders of the defunct People's Party [PPP] and other important persons. It is said that he did all this for his personal interests. Some accountant-type people are presenting old figures that had earlier been used to laud the government to condemn him now. These rumors, however, have abated since four of the former cabinet members have been reappointed to the government. The new provincial cabinet of Sind has 12 members. Four of these belonged to the Majlis-e-Shura, and the rest are new. Before the establishment of this cabinet, it was assumed that the governor would have a four- to five-member cabinet. All these assumptions proved wrong when the new cabinet took its oath on 1 June. Now there is a lot of talk about the case involving land giveaways against the former governor. Mr Abdul Ghafoor Bhargari, finance minister of Sind, has commented that the allotment of thousands of acres of government land is tantamount to robbery. The allotment of these lands is being investigated. Action against the former governor will be recommended if corruption is found.

The state finance minister has labeled these transfers as grave cases, since thousand of acres of land were given to important people at throwaway prices.

It should be remembered that there were stories about these allotments in connection with the protection of animals. It was also published that this matter goes back to 1973. This was advertised in newspapers before the actual transfers took place. According to newspapers, this story was published in connection with a briefing provided by a former minister of municipal committees. This case has been investigated since 1973, and in this connection, Ghulam Kadir Khan, a member of the Sind Board of Revenue, was forced to retire.

The following people were allotted land by the former government for farming livestock: Dr Ghuffar Jatoi, brother of the PPP's important leader and former state prime minister, Ghulam Fustafa Jatoi, 1000 acres; Mashuq Ali Bhutto, brother of Muntaz Bhutto, 2,000 acres; Nawab of Junagarh, 5,000 acres; Taj Mohammad Jali, 2,000 acres; Qazi Ghulam Dastagir, 1,000 acres; Begam Ali Mohammad Rashdi, 1,000 acres; Pir Ali Mohammad Martazashah, 1,000 acres; presidential adviser Zakiria Kamdar, 2,000 acres; Dr Manzoor Nawaari, son of former PPP assembly member Nawaari, 2,000 acres; Begam Zarina Bhargari, 5,000 acres; Rias Mushtaq, 1,000 acres; Shah Mohammad Abluch, 4,000 acres; Ali Sher Junejo, 1,000 acres; Shaukat Jamali, 1,000 acres; Haji Sher Mohammad, 1,000 acres; Faqir Mushtaq Ali, 2,000 acres; Dada Bhai, 2,000 acres; Abdulla Lotha, businessman from Dubai, 10,000 acres (5,000 later returned); Roshan Ali Bhimji, 5,000 acres; famous industrialist Khatun Salma Ahmed, 2,000 acres; and Ghulam Ali Panehar, 2,000 acres.

This list of land allotments for improving the quality of livestock is being widely discussed. The allottees argue that these lands are uninhabited and that it would cost dearly to rehabilitate them. They added that governments usually allot land under such schemes to people with money. They even claim that most of the arable land in West Pakistan was allotted under one or another such scheme. But another group of people was very interested in the allotment of land under the scheme to improve livestock. These people are not rich but well off. This group worked hard to get land under this scheme, but failed. These people have formed an organization that works to attain their goals. Additionally, an organization of farmers had also taken strong interest in land allotment under this scheme. Chowdhery Ghafoor, president of this organization, has requested an investigation of corruption in the allotment of land. He has said that a high-level investigation of land allotment for cattle farming must be undertaken. He has also asked the Board of Revenue to fully explain the methodology employed in allotting land so that people in Sind can learn about these new landlords. People have been asking about new and old Sindhis. Readers, in addition to these organizations of farmers, some other persons interested in this land had submitted applications for land allotment. These are the people who are most vocal against these allotments made to important people. A residential developer told us that he had applied for allotment of 3,500 acres but did not get any land. Anyhow, there is a big turmoil over these allotments, but the Board of Revenue is not giving serious consideration to these complaints. It is said that whenever such allotments are made, some groups always complain and then calm down later. At present, the allotments made by order of the former governor are being called illegal. The governor has been a target of criticism since he attended a dinner given by the APNS (All Pakistan Newspaper Society) and

CPNE (Council of Pakistan Newspaper Editors). In a statement at this dinner, he said that MRD's campaign was for the reestablishment of a democratic government. Miss Benazir Bhutto, who had left country 6 months earlier, would have left despite this campaign. This statement by the former governor raised a controversy. The newspapermen ignored the statement about Benazir Bhutto and asked the president about what the governor of Sind called the MRD campaign to establish democracy. The president replied that in his experience, he is often misquoted. If he said that, I consider it his personal opinion. Conditions worsened the day the former governor put his foot in his mouth at the CPNE dinner. It should be remembered that when the former governor made his statement about Benazir Bhutto, many journalists had commented on the importance of this statement. It was said that the former governor does not open his mouth without good reason, and it was evident from his statement that PPP women had left country following an agreement with the government. Conditions, however, worsened as the time came for the governor to leave office. It was rumored that he was in the dog house. Nothing was clear; most of the rumors were unfounded. Now we hear in social circles that the governor misused his office and did not have a sound understanding of Sind's problems. He gave unnecessary privileges to the Jatui family and other persons. These people took advantage of problems in Sind and in particular manipulated the land allotment scandal. This affair is now being investigated, and we are awaiting results. Mr Ghafoor Bhargari, finance minister of Sind, is interested in this investigation. It seems, however, that this investigation will continue to drag on because there are more important issues in the state that require government attention. These include security, development plans and control of robbers in Sind who are well-organized and rob people there regularly.

7997

CSO: 4656/169

DEFENSE MINISTER'S CRITICISM OF 1973 CONSTITUTION DENOUNCED

Lahore VIEWPOINT in English 5 Jul 84 p 9

[Article by Ayaz Amir: "Unfurling the Colours"]

[Text]

MIR ALI AHMED TALPUR'S broadside against the 1973 Constitution may provoke a storm on the part of armchair democrats, but that would be the wrong thing for them to do. In reality he deserves their gratitude for calling a spade a spade and for clarifying certain fundamental political issues.

I suppose everyone would agree that we are well beyond the point where academic debate could be of any use. The defenders of the 1973 Constitution have had their say. They have passed the necessary resolutions and delivered the necessary speeches, but these things do not seem to have done us much good. I am, therefore, led to believe that for a change we need a bit of plain talking. It is its absence which won't make our democrats admit that they haven't the faintest idea of what to do about the present situation. The PPP (defunct) won't admit that it is confused and divided. The pundits and weathermen won't admit their total ignorance about what the future holds in store. It is scarcely surprising that in this climate rumour of all sorts should rear its head. Will the President announce his future plans in July or on August 14? Will the promised elections be announced before or after the American presidential elections? Will a 'yes-no'

referendum take place to ratify and legitimise the existing dispensation? Political observers are afflicted by the uneasy feeling that they know the answers to none of these questions. Worse, they also know that whatever the regime eventually decides, there is very little that they can do about it.

Refreshing

In this situation Mir Ali Ahmed Talpur's candour is like a refreshing shower out of a leaden sky. What he has outlined in his interview to the PPI is nothing less than a complete political programme, and one which has the merit of being in close accord with the known philosophy of the regime.

Do we not know the preference of those in power for a 'purely Islamic' system of government, Islamic in this case standing for a system which guarantees not to rock the boat or threaten the status quo? Since this preference is known only too well, what is so strange if Mir Ali Ahmed Talpur should choose to echo it? Is it not also perfectly logical for him to hold out Saudi Arabia as the most shining example of the Islamic system that we should follow? It does not require extraordinary insight to detect the spiritual kinship between the present regime and the Islamic system

prevailing in Saudi Arabia. Mir Ali Ahmed Talpur, therefore, is only stating the obvious.

It is also obvious that you can't build a new apartment block on an old building site unless the old building is first demolished. In the same way, a 'purely Islamic' system of government can be shown to be a burning necessity only if it is first proved that what it is replacing is rotten to the core. Nothing more natural, therefore, than Mir Ali Ahmed Talpur's wholesale denunciation of the 1973 Constitution. If he had begun by describing it as an indispensable necessity for the country's survival, could he have ended by calling for a system to replace it? The answer obviously is no.

Hot stuff

It is true that he has gone about the business of demolition with great enthusiasm. He has described the 1973 Constitution as 'un-Islamic', as being harmful to the country and designed with the sole purpose of protecting the position of Mr. Zulfikar Ali Bhutto. Its abrogation, he has contended, would go a long way towards protecting the interests of the country. Admittedly, this is pretty hot stuff. But there are two explanations. First, it can be taken as a general rule that zeal burns more fiercely in a politician who has proved a turncoat. A thief who sets out to catch a thief is usually more energetic than the ordinary policemen. (Witness the doings of the Hur mujahids in Sind). Secondly, from the point of view of those in power, the 1973 Constitution indeed has lain at the source of a good deal of trouble. The fact that it was the first Constitution in the country's history to be backed by a national consensus made its abrogation difficult; kept, consequently, in a state of suspended animation, it came to symbolise all the unholy yearnings of the masses, becoming in effect a bugbear that any pragmatic dispensation, the least bit worried about its future, would necessarily seek to eradicate.

'Seat of power'

Mir Ali Ahmed Talpur's suggestion that 'the seat of power' (by which he presumably means the office of president) should be filled before the elections to the central or provincial assemblies should not be dismissed lightly. It is, in fact, fully in tune with the August 12 plan of General Ziaul Haq. One of the principal objectives of that plan was to ensure that the position of president remained un-

It does not require extraordinary insight to detect the spiritual kinship between the present regime and the Islamic system prevailing in Saudi Arabia.

assailable. This would be amply achieved if Mir Ali Ahmed Talpur's suggestion is followed, namely, that the cabinet should propose the name of the person most suitable to fill the seat of president, with the nation subsequently expressing its opinion about him, presumably through a 'yes-no' referendum. In case the first proposal was defeated, the cabinet could propose another name, a more foolproof method of election would be impossible to devise.

Mir Ali Ahmed Talpur could have been speaking tongue-in-cheek or he could have been deadly serious. The first possibility, I think, we can safely discount because after a person has been a civilian Defence Minister in a military government for as long as he has, he is not left with much scope for a sense of humour. But if he was being serious, I refuse to believe he was just trying to shoot his mouth. I think his interview should be studied carefully as a serious indicator of the regime's thinking. The kind of selection procedure for the president that he has alluded to is the kind that we are most likely to get. The first obstacle having been negotiated, the national and provincial shooras will automatically fall in place. This is about the extent of the civilian transition that we are likely to get.

BRIEFS

LEADERS COMMENT ON FEDERALISM--July 9--Federalism has suffered a serious setback in Pakistan because of undemocratic practices, with the result that smaller units now suffer from an acute sense of deprivation, BBC said in a commentary today in which a number of Pakistani politicians participated. Most of the participants were of the view that democratic principles were violated on a number of occasions, thereby depriving the smaller units of their legitimate rights. In this regard they cited the examples of the creation of One Unit in West Pakistan, the principle of parity between the Western and then Eastern wing of the country and the dissolution of the provincial governments in the NWFP and Baluchistan during Bhutto rule. The participants particularly criticised the One Unit saying it was a move against the interests of smaller provinces as well as against former East Pakistan. Most of the participants said Punjab had always tried to dominate and since Punjabis dominate the military and bureaucracy they have always exploited the smaller provinces and deprived the smaller units of their legitimate political rights. The participants included Khan Abdul Wali Khan, Mir Ghaus Bux Bizenjo, Sardar Sher Baz Mazari, Mian Mumtaz Daultana, G.M. Syed, Maulana Shah Ahmad Noorani and Abdul Hafiz Pirzada. [Text] [Islamabad THE MUSLIM in English 10 Jul 84 p 1]

LAWYERS DEMAND ENQUIRY--Hyderabad, July 10--Eight local lawyers have demanded a high-level judicial inquiry into the police raid in Hyderabad Central Jail in which they alleged prisoners were beaten and tortured. In a statement, they said: Nearly 100 prisoners are on hunger strike and confined to solitary wards. They are in the grip of 'danda bari.' No food or meals were given to them till yesterday and the facilities of interviews has been withdrawn. The lawyers also alleged that during the raid, articles worth thousands of rupees were forcibly taken away from the prisoners by the jail authority, including clothes, soaps, ghee, bedsheets and other necessities of life. [Text] [Islamabad THE MUSLIM in English 11 Jul 84 p 6]

INDIAN RADIO REPORT DENIED--Islamabad, July 10--An official spokesman today contradicted an All-India Radio report saying that President Ziaul Haq in an interview with the Indian journalists had said an agreement with India on extradition would be worked out soon. He said that what the President was referring to was the Non-Aggression Treaty between the two countries for which, he said, some progress had been made during the recent visit of the Indian Foreign Secretary, Mr Rasgotra, and there was a strong possibility of

the two sides reaching an agreement. About the Sikh problem in the East Punjab the President had said that Pakistan had no extradition treaty with India and so could not hand over the hijackers to India, but Pakistan was signatory to the three international protocols under which it was duty bound and honour bound to try those hijackers in Pakistan where the crime was committed.--APP [Text] [Islamabad THE MUSLIM in English 11 Jul 84 p 8]

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13 AUGUST 1984